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ABSTRACT

Catholic charities and church groups have been actively engaged in providing basic shelter needs for homeless people long before the issue of homelessness came to the national attention. The purpose of this hearing was to allow the U.S. Catholic Conference and its Domestic Policy Committee to present its report, "Homelessness and Housing: A Human Tragedy, A Moral Challenge." The statement is included in the appendices. Testimony was presented by five witnesses, including a resident of a shelter for the homeless in Washington, D.C. Issues raised included the following: (1) a federal commitment to subsidized housing is necessary; (2) the Catholic Church can function as an effective intermediary in implementing public-private cooperative housing programs; (3) federal funds need to be appropriated to implement the Stewart B. McKinney Homeless Assistance Act, provide rental subsidies, and expand low- and middle-income housing; (4) present assistance programs are inadequate; and (5) the federal government must preserve and expand the supply of quality housing. The appendices include seven prepared statements, and the 1987 Annual Report of the Community Development Corporation. (FMW)

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HOMELESSNESS AND HOUSING: A HUMAN TRAGEDY, A MORAL CHALLENGE

HEARING

BEFORE THE

SUBCOMMITTEE ON
HOUSING AND COMMUNITY DEVELOPMENT

OF THE

COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE-HUNDREDTH CONGRESS

SECOND SESSION

JUNE 15, 1988

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CONTENTS

Page

Hearing held on:
June 15, 1988 1
Appendix:
June 15, 1988 29

WITNESSES

WEDNESDAY, JUNE 15, 1988

Conley, Sister Nancy, Director, Mount Carmel Place, Washington, DC 11
Errigo, Joseph, President, Community Development Corporation, Archdiocese of St. Paul and Minneapolis, St. Paul, MN 8
Malone, Bishop James, Youngstown, OH 13
Sullivan, Bishop James, Chair of the U.S. Catholic Conference Domestic Policy Committee and Auxiliary Bishop of the Catholic Diocese of Brooklyn, NY 5
Thomas, Denise, resident, Washington, DC 12

APPENDIX

Prepared statements:
Conley, Sister Nancy 53
Errigo, Joseph 56
Flake, Hon. Floyd H. 29
Garcia, Hon. Robert 33
LoPinto, Father Alfred 101
Malone, Bishop James 107
Sullivan, Bishop James 47

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

Administrative Board of the U.S. Catholic Conference, statement entitled "Homelessness and Housing: A Human Tragedy, A Moral Challenge" 35
Errigo, Joseph:
Response to Hon. Bruce Vento question about details pertaining to foreclosure 111
Annual Report—1987 by the Community Development Corporation 62
Malone, Bishop James, response To Hon. George C. Wortley's question pertaining to taxes 121
Wortley, Hon. George C., letter to Bishop James Malone 119

HOMELESSNESS AND HOUSING: A HUMAN TRAGEDY, A MORAL CHALLENGE

Wednesday, June 15, 1988

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT,
COMMITTEE ON BANKING, FINANCE, AND URBAN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to call, at 2:32 p.m., in room 2128, Rayburn House Office Building, Hon. Henry B. Gonzalez [chairman of the subcommittee] presiding.

Present: Chairman Gonzalez, Representatives Vento, Garcia, Kaptur, Hubbard, Kennedy, Flake, Wortley and Ridge.

Chairman GONZALEZ. The subcommittee will come to order.

The Chair will advise that the vicissitudes of legislative activities are such that we can't quite predict or control the course of events when a hearing is scheduled. So we have had some votes. At 2 p.m. we had a vote and that a vote was expected on final passage soon thereafter, so we waited until that was over with so we could then proceed uninterruptedly as long as it is possible.

Of course, I am very pleased to have been able to schedule this hearing to afford an opportunity to the U.S. Catholic Conference and its Domestic Policy Committee to present to the subcommittee the statement of the Administrative Board of the U.S. Catholic Conference entitled, "Homelessness and Housing: A Human Tragedy, A Moral Challenge."

[The statement of the Administrative Board of the U.S. Catholic Conference can be found in the appendix.]

Chairman GONZALEZ. Long before homelessness came to the national attention, Catholic charities and other church-related groups were actively engaged in providing simple and basic shelter needs for homeless people throughout our country.

Beginning in 1982, when this subcommittee first brought to the national attention the scope of our homeless problem, many of our strongest advocates for increased Federal assistance and commitment to low-income housing programs have been witnesses from church and religious groups.

The U.S. Catholic Conference has been in the forefront of testifying before us on the housing needs of homeless and low-income people. We have had a number of hearings over the past 5 years, including our hearing down at the Second Street Shelter where Bishops, priests, nuns and lay people have given us important insights into the needs of homeless people.

The new Archbishop of Atlanta, GA, Archbishop Eugene Marino, testified before us at the Second Street Shelter and I also fondly recall the stirring testimony given us by the now Cardinal O'Connor of New York in 1985.

I welcome the strong commitment of the U.S. Catholic Conference and its many agencies throughout the country who are giving such exemplary service to the homeless and ill-housed.

We have a splendid panel of witnesses, headed by a most distinguished Bishop, the Most Reverend Joseph Sullivan, the Auxiliary Bishop of Brooklyn, NY, who chairs the Domestic Policy Committee of the U.S. Catholic Conference. Bishop Sullivan is a long-time social activist and a long-time head of Catholic charities in Brooklyn and was a participant in putting together the Nehemiah Program in East Brooklyn.

I recall the field hearing in 1984 that this subcommittee held in the basement of Our Lady of Mercy Church in East Brooklyn, where we saw the Nehemiah Program and heard from the wonderful people who made it work. Bishop Sullivan and his diocese are well-represented on this subcommittee by Mr. Schumer, Mr. Flake, Mr. Manton, and now our newest Member, Mr. Ackerman.

I might add that I ran into most of these Members as they were headed over to vote, and they indicated to me they would soon be back to the hearing.

We are also honored to have with us the former President of the National Conference of Catholic Bishops, Bishop James Malone of Youngstown, OH, whose diocese has suffered greatly due to the economic downturn in the steel industry.

Bishop Sullivan and Bishop Malone, we are pleased to afford you this opportunity to present the recent statement of the U.S. Catholic Conference on homelessness and housing, and we welcome you here and are honored by your presence.

I see that our distinguished Member from Minnesota, Mr. Vento, whom I might say was in the forefront, if not the initiator, in bringing attention and focusing attention to the growing problem of homelessness in 1982. Mr. Vento, if you care to make a statement, we will recognize you for that purpose.

Mr. VENTO. Mr. Chairman, I have no statement. I want to commend you for holding these hearings. I think it is essential that we recognize the role of the religious groups and others that are making such a valiant effort to deal with the housing of low-income Americans in our society.

Obviously, as the national government has shrunk its role, shrunk from its responsibilities I might say, it has fallen more and more on these nonprofit groups, local government groups, State groups, to try and pick up the slack. I think while they try, I think the problem is nearly impossible.

I am pleased to welcome both the distinguished Bishops that are here to address this issue, and recognize that they share the religious faith that they do. I am proud to see that, and our church take an aggressive role. I am especially pleased to recognize that Mr. Joe Errigo is here, who as I remember when he and I were much younger, you and I were much younger, Mr. Chairman, and he probably was too, he has worked on many housing problems and established a record working with Archbishop John Roach with a

community development operation in our area to the point that we house people.

They are responsible for thousands of units of assisted housing. I hope that we have some more in the future. We have got a big job to do.

Mr. Chairman, I have been lately trying to point out the crisis all right. But I think that your role and other Members of the committee historically have created some of the most important programs that today still are important, have been and are the basis for providing assisted housing today.

I think our real clue is there is nothing new to discover except to get on with the task of providing dollars and making the commitment. Unfortunately in recent years, it has not been made, and is needed to meet the needs.

Mr. Chairman, I welcome my good friend, Joe Errigo, and the other distinguished witnesses on this panel. I look forward to hearing from them.

Chairman GONZALEZ. Thank you very much, Mr. Vento.

Representative Flake has come in. Since part of his District reaches into the diocese of Bishop Sullivan, I will recognize you, Mr. Flake, for a statement or observation.

Mr. FLAKE. Thank you, Mr. Chairman.

I am honored that you recognize me in this moment, and to thank you for having this hearing on homelessness in America. I think you well know I came here with the commitment to try to impact this problem.

I would like to extend this welcome to those who come before us for this hearing. One of the things you just did, Mr. Chairman, I am in a church that is Bishop-led, and one thing you never do is assign a Bishop to be in a State where he is not assigned. They get nervous about it. They think something happened and they didn't know about it. They think somebody took authority to move them.

Let me make this statement. For the record, I will submit the entire statement, but now I will just summarize the thoughts I have. As we have seen the growing homeless crisis in America, one of our concerns has been that we have not had, over the last 7½ years in particular, a major housing program.

Of course, we passed a $30.3 billion program last year which would allow us to provide affordable housing. I think we need to understand the reality of its necessity to put more people into home ownership situations. It is my firm belief that if we can get more people who are in that 20 to $40,000 income range into home ownership situations, then we have the possibility of being able to move some people out of our public housing projects, and move some of the people who currently occupy the homeless rolls into those positions.

The reality is that there are those making arguments today that we don't need any kind of subsidized programs, and we don't need affordable housing. I would suggest to you there must be an understanding that at the time of crisis, we as a Nation have always responded with some type of subsidy.

I attend town hall meetings and raise the question with those who talk about whether or not we need subsidies as it relates to affordable housing. I ask the question, how many here received

their home by virtue of their ability to get FHA financing or VA financing? Usually more than 50 percent of the hands in the room go up.

It is amazing to me that people who received subsidies to get their first dream homes have forgotten that FHA and VA are subsidizing programs. They say we don't need that. The reality is we need all the help we can get.

It is a continually exasperating situation as it relates to the homeless. We need to move more people into the posture where they become home homeowners, not change the basic structure of how public housing operates. I know for a fact where I have six public housing projects in my area, if you talk about giving them vouchers, families with three or four children, even if they bring a 6 to $800 voucher, will not find people who are willing to rent to them because they have a stigma. When you have children, it creates a feeling that children-are-going-to-destroy the property.

A city like New York, where 28,000 people occupy every homeless bed every night, and that is less than half of those being supplied with a bed, I think the suggestion has to be that we have to be serious in trying to impact on the problem. There is no one to speak on behalf of the homeless but us.

We have been elected to represent all the people. Homeless people are people, who are struggling because of socio-economic variables over which they have no control. I would ask you that we seriously consider the problem, convince our colleagues in the Senate and convince America that it has an obligation to participate in a process of assuring that there is adequate, affordable housing for all of its citizens.

I look forward to hearing the testimony of those who have come. Hopefully we can work together, joining hands throughout America to solve what I believe is one of our greatest problems today. That is the problem of the homeless.

Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Flake can be found in the appendix.]

Chairman GONZALEZ. Thank you.

I think the record reveals that Congressman Flake, since his arrival here, he is a recent addition to the subcommittee, has made quite a difference. He has helped us put together and structure some authorization bills that a year ago nobody thought would be possible.

I want the record to show that his membership on this subcommittee made a great deal of difference.

I just want to say one thing. I come from San Antonio. When I recognize the labor of the Catholic Conference, I must for the record somehow or other elicit and appeal to the memory of a great leader in our area, Archbishop Robert Lucy. He was one of the initiators in what I believe ended up in forming the Catholic Conference. Certainly he was one of the first, and he first called the Bishops' Committee, the Archbishops' Committee for the Spanish-Speaking, back in 1946, 1947.

He designated me the first President at that time, because it was pretty much localized. Through the years, he became identified

with these social issues of grave concern, to those particularly who have this tremendous vocation and responsibility.

But then, when President Kennedy got elected and I had occasion to come to the Congress almost 27 years ago, he told me something that I thought was quite funny. He said, "You know, you are the only Member that comes from a District that has a liberal, high-ranking ecclesiastic, Archbishop Lucy." I said, "Oh, is that right?" He said, "Yes, he is outstanding. He has been pro-union, pro-everything." He said, "You know, the hierarchy is like the Army. In the case of the hierarchy, everybody above the rank of Monsignor is a Republican."

He said, "In the Army, everybody above the rank of Sergeant turns to be Republican." So, I remember laughing at that because, of course, he was joking. But it revealed the identification that has been formed, and not only in our country, throughout the world, with the ecclesiastic, the priest, the Bishop who is in direct contact with the people.

With great courage sometimes, even in the 20th century, we have our martyrs. We have Archbishop Manno in El Salvador. We have five nuns, Americans nuns. And what were they doing? They were doing what you gentlemen and what most of the representatives realize that have contact with the areas of need is not only a religious obligation, but our duty to recognize and respond to the need.

Having the presence of our newer Member from Massachusetts, the nephew of the President I just alluded to, we will recognize you, Bishop Sullivan. You may proceed.

STATEMENT OF BISHOP JAMES SULLIVAN, CHAIR OF THE U.S. CATHOLIC CONFERENCE DOMESTIC POLICY COMMITTEE AND AUXILIARY BISHOP OF THE CATHOLIC DIOCESE OF BROOKLYN, NY.

Bishop SULLIVAN. Thank you for your generous remarks. I think there were two Bishops on this panel that are not partisan, but we may not fit the description.

We have, on my right, Bishop Malone and Mr. Errigo. I would like to introduce on my left Sister Nancy Conley. She runs a shelter for homeless pregnant women here in Washington, DC. called Mount Carmel Place, supported by local Catholic charities. Next to her is Ms. Denise Thomas, who is a resident at that house and is looking for permanent housing.

Unfortunately, Father Al LoPinto is ill and cannot be here today. We will submit his statement for the record.

[The prepared statement of Rev. LoPinto can be found in the appendix.]

Bishop SULLIVAN. I am Chairman of the Committee on Domestic Policy of the U.S. Catholic Conference. I thank you for this opportunity to speak out on housing and homelessness.

We just had a presentation here in our Washington office with Mr. James Rouse. He made a very appealing commentary in terms of personal experience, and it touched us deeply. We find what he had to say both challenging to the Congress and to us as part of local communities. We would hope that in some way, when you get

a chance in your deliberations, that you will have a chance to look at that task force report, because we believe he has much to say about local initiative, realities of Federal deficit, the realities of the need for Federal support and local, State, city and voluntary initiatives.

We issued a statement called "Homelessness and Housing: A Human Tragedy, A Moral Challenge." The statement is our attempt to call attention to the moral and human dimensions of the housing crisis. We want to suggest some future directions for national housing based on our values, our service to the homeless and our experience in housing, as pastors and as administrators.

For decades, the Catholic Church in America has been an advocate for a more effective national housing policy. Many Catholic and other religious groups have addressed this issue with urgency and wisdom, including Catholic Charities and the Campaign for Human Development.

Recently, the Vatican, on the occasion of the International Year of Shelter for the Homeless, released a powerful document, "What Have You Done for Your Homeless Brothers?", which examines the worldwide dimensions of the problem.

It shares the teaching of the Church, and calls for public attention to provide decent, adequate housing, especially for the poor and vulnerable. This concern for shelter is not new, and it is not ours alone. We have been before this committee on other occasions and we commend your leadership in trying to keep before the Congress and executive branch the needs of those without decent housing.

In preparing our statement, we heard from people working in our dioceses and parishes across this country in programs similar to those you will hear about today. They shared their experiences with the problems of homelessness and poor housing which are destroying lives, undermining families, hurting communities and weakening the social fabric of our Nation.

Parish and diocesan workers are on the front line, so to speak, as homeless people and those without adequate housing frequently turn to the Church for help. We see their suffering, we feel their pain.

In unprecedented fashion, in many different ways, the Church across this country is reaching out to provide shelter and housing to tens of thousands of men, women and children.

Dioceses, Catholic Charities, parishes, religious orders and local self-help groups assisted by the Church through the Campaign for Human Development provide shelter and build, maintain and improve affordable housing units for the poor and powerless.

The Church is deeply involved in housing. But we know our efforts cannot, and should not, substitute for effective and just public policies to deal with the crisis of homelessness and the urgent, desperate need for decent housing in our communities and country.

We bring more to the national discussion than our Catholic tradition. A house, as John Paul II said, is more than a roof over one's head. It is a place where a person creates and lives out his or her life. It is a most basic human right to have a right to adequate shelter. The denial of housing, as so many of our cities and towns across this country, constitutes, we believe, a terrible injustice.

As Americans and believers, we are haunted by the reality of so many people without decent housing in this land. It is a sign of serious social neglect and, we believe, moral failure.

I will just say we base our concern not only on the resources and priorities, but the way we set our budget in this country. But, we suggest, participation suggests we measure our progress by whether people are able to share their own destiny, shape their destiny, meet their own basic needs by participation in the economic, civic life of this community.

We have as a preferential option for the poor a mandate that we shall be judged by our treatment of the least among us. The quality of our justice is measured by how the poor and the most vulnerable of society are treated. By this standard, we believe we are failing and we are failing badly in the area of housing.

To conclude, since 1981, Federal resources for subsidized housing have dropped more than 80 percent. According to the Conference of Mayors, across this country, 70,000 units of public housing abandoned each year, the victims of neglect and reduced budgets.

As Americans, we are haunted by the tragic reality of so many people, families, children and single adults, who are without decent housing. In my own city, 16,000 children live in shelters or welfare hotels. The lack of Federal investment has left waiting lists for public housing in my own city of over 200,000 people, so much so that people no longer have expectations of affordable public housing.

These conditions, we believe, can and should change. Local and State governments have tried to fill the gap left by the Federal Government in its abandonment of the role in ensuring availability of housing. We can tell you from experience these local resources are limited and often overtaxed.

Our message is this: The housing crisis is getting worse, not better. It will continue to get worse until we take the initiative here and nationally. More and more people, especially families with children, are homeless. The private voluntary sector is doing and is willing to do its part. Our resources are being stretched to the breaking point. We can be partners, but we know we cannot substitute or do it alone.

We cannot deal with homelessness without confronting the housing crisis and the economic difficulties which create and sustain it. Shelters are not a substitute for real, permanent and affordable housing. Put the needs of the poor first. They certainly have the greatest needs. There is no substitute for creating an effective and sustained Federal commitment to housing.

There are many people willing, at the local level, to come up with all kinds of ingenuity to do it. But we cannot do it alone, and we cannot do it without Federal leadership. This is a great Nation. We believe we are a good people, but we cannot be a people who turn our backs on those members of our community who go around the streets of our cities each night without a place for shelter and a place to call home.

Having said that, Mr. Chairman, I would like to introduce Mr. Errigo, who is on my right, who is the President of the Community Development Corporation for the Archdiocese of St. Paul and Min-

neapolis. They are a nonprofit organization that provides housing for low-income families, seniors and handicapped persons.

[The prepared statement of Bishop Sullivan can be found in the appendix.]

STATEMENT OF JOSEPH ERRIGO, PRESIDENT, COMMUNITY DEVELOPMENT CORPORATION, ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS, ST. PAUL, MN.

Mr. ERRIGO. Thank you, Bishop.

Mr. Chairman and Members of the committee, I would first like to thank you for conducting this hearing and providing an important contribution to this public policy discussion on what is a very critical social issue.

I want to thank also Representative Vento for his kind words in the introduction. We are pleased to have him representing us here on this important subject. It is also an honor to be here with the leadership of our church speaking out on this issue.

The Archdiocese of St. Paul-Minneapolis has been committed to affordable housing for the poor since 1968. Our initial efforts were a response to urban unrest in the 1960s.

The Archdiocese Housing Program is now planned and implemented by a nonprofit organization known as Community Development Corporation, CDC. I am President of the Board and Chief Executive Officer for CDC, and serve in those same roles for CDC's wholly-owned management subsidiary, Westminster Corporation.

The Archdiocese, through CDC, is now a major player in the struggle for affordable housing in the 12-country area of the Twin Cities and throughout the State of Minnesota. We want to continue in that role, but we need your help and that of your partners, both public and private.

CDC now operates over 2,300 affordable housing units at 40 locations in 18 Minnesota communities. We are sponsor and developer of about three-quarters of these units. The rest are owned by other nonprofit or for-profit developers who come to us for professional and people-oriented services in property management, human service coordination, and resident education.

In a way, we are the equivalent of a medium-size housing and redevelopment authority, and some have compared us to private developers and real estate management companies. But in many subtle and not-so-subtle ways, we are very different from public agencies and for-profit businesses.

We are an effective partner and a true catalyst in the delivery system for public and private housing subsidies. I often say that if a subsidy for affordable housing was invented in the last 20 years, we have used it in one way or another to serve people's needs.

Our strength is coming up with innovative ways to bring resources and people to the housing process. The public sector and private, for-profit sector acting alone cannot always afford to do that.

I want to emphasize here that we are not necessarily an alternative, but rather an effective partner with both public and private investors. We are showing the way that over time, it works. Our

people-oriented approach does get noticed, and the system changes to better serve people's needs.

We are filling the gap that private developers and management companies cannot fill. Sometimes we get accused of committing the worst sin of all, that is competing with the private sector. These folks are not lined up to tackle the tough jobs we have taken on in inner city areas and elsewhere. We are not competing with them, but doing the things that they cannot or will not do.

A comment on the public side of the ledger may be in order, also. We recognize the critical role played by public housing authorities, and they need your support, and we certainly support their efforts. But we are closer to the community and the people we serve. I think that is a point to take into consideration.

This leads to my third point. The bottom line of this discussion is that we are an effective intermediary. This is a role that the church has played in affordable housing since the late sixties, when nonprofit programs got started. These programs and nonrprofit organizations have produced thousands of units. They continue to serve as models throughout the Nation. We want to strengthen this system of intermediaries.

We have credibility throughout the industry from neighborhood groups to public agencies and regional banks. We have what many would consider an unfair advantage in this housing business, the Archdiocese and the church has an office in every neighborhood, if you will, the parish. These parishes consist of networks of people who have been mobilized to join the struggle for affordable housing.

We have networks of people, church-owned land and buildings, and a motivation to serve that cannot be duplicated by other housing producers.

I would like to give you examples of the kind of work we have done and will continue to do if the Federal Government can get back on the playing field with us.

As a housing producer, we work with neighborhood groups, churches of all denominations, community institutions, and cities to sponsor and develop affordable housing. We try to use government subsidy funds to the extent they are available, and if they are not, we try to invent something to take their place, and that is increasingly difficult.

Most importantly, we take risks that no one else is willing or able to take, like developing a limited equity cooperative in one of St. Paul's inner-city neighborhoods.

CDC also serves as a consultant to neighborhood groups for development or management of inner-city housing. This helps build the credibility and technical expertise of grass-roots organizations, which are an important part of the housing and neighborhood process.

CDC's wholly-owned subsidiary, Westminster Corporation, is a community leader in quality property management services for low-income housing. Our services are in great demand. We have doubled in size every 5 years since we started managing housing almost 15 years ago. We specialize in tackling the difficult assignments: Large inner-city projects, small-scale "in-fill" development, and housing for people with special needs.

As a coordinator or broker of community support services, we try to get local service agencies or informal networks of providers, like parishes, to help with the "software" of housing, the services that people need to live independently and participate effectively in their housing environment.

In recent years, we have taken a leadership role in the preservation of affordable housing. In 1981, the Federal Government asked us to take over the management of a troubled subsidized housing development in St. Paul's Hispanic community. We set up a sound man gement system, but also restructured the ownership of the development so that we could assure effective resident and community participation in the process.

We are now starting a major physical rehabilitation program using HUD's Flexible Subsidy Program, local city funds, and tax credit investments.

In December of 1983, we became the court-appointed receiver at a large Indian-sponsored development in South Minneapolis. It has been a struggle to make this housing a decent place to live, not because of differences with the American Indian community, which is very pleased with our efforts, but because of struggles with the Federal Government.

HUD has made it very difficult to rehabilitate and reorganize this housing for long-term success. We are now at a point where that reorganization can work and sincerely hope that HUD will cooperate. We have shown that this kind of turnaround can work and we want to make it a reality in this Indian community.

Just last year, we intervened in a process that will almost certainly be a model for the future: A private owner of subsidized family housing in one of Minneapolis' wealthiest suburbs wanted to sell out because of the 1986 tax reform. If he was successful at selling, it would have meant the loss of 90 family townhouse units, all assisted with section 8 rent subsidies.

CDC purchased this development with financial assistance from the Minnesota Housing Finance Agency, and as a result, we will be able to preserve section 8 subsidies for the next 30 years. No private developer could do that, stay in for the long haul, but that it is just what we want to do.

The Community Development Corporation is now embarking on an ambitious effort to raise over $3.5 million to meet our affordable housing goals. That money will leverage over $53 million in equity and long-term financing from public and private sources. We sincerely hope that one of those sources will be the Federal Government.

One of our key strategies is to establish a Housing Trust Fund that can attract individual and institutional deposits and be a source of long-term financing for affordable housing. It will be a very specialized regional bank, set up only to finance affordable housing. We are certainly willing to be a demonstration model for this type of creative financing.

Federal rent subsidies now account for about ⅔ of the rent in housing we operate. That housing simply would not exist if it were not for the Federal subsidies that have been available in past years. This type of Federal support needs to continue if we are to

produce new affordable housing and preserve existing subsidized housing.

On behalf of the Board of Directors of Community Development Corporation, Archbishop John Roach, and people of all faiths in the Twin Cities and Minnesota, I ask you to give every consideration to the critical long-term housing needs of the poor, and to the important role that nonprofit organizations like CDC can play to finance, develop, operate and preserve affordable housing.

Thank you.

[The prepared statement of Mr. Errigo can be found in the appendix.]

Chairman GONZALEZ. Thank you, Mr. Errigo.

Rev. SULLIVAN. Sister Nancy?

STATEMENT OF SISTER NANCY CONLEY, DIRECTOR, MOUNT CARMEL PLACE, WASHINGTON, DC.

Sister CONLEY. Good afternoon. My name is Nancy Conley. I am a Sister of Mercy from Providence, Rhode Island, and I am currently the Director of a shelter for pregnant homeless women. My involvement with the homeless began in 1981. I have directed an emergency shelter for single women as well as a transitional shelter.

Let me share with you my observations over 7 years. It seems to me in our effort to shelter the homeless we have created a new kind of housing: Shelter housing. Individuals and families remain mired in the shelter system because it is virtually impossible to find affordable, dignified housing. One woman once said to me, "It is like being caught in quicksand." The hopelessness is pervasive. Frustration is high, energy beyond that necessary for survival is low.

Over the years, I have observed a dramatic increase in the numbers of homeless individuals and families and an equally dramatic increase in the availability of affordable housing. Since 1981, the Federal budget for housing has decreased from $32 billion to $9 billion in 1988.

Poor people and those on fixed incomes are faced with a dilemma. Do I eat and feed my family or house them? Do I buy clothing or pay the rent? Do I attend to health needs or set aside lunch money for my children? Most poor people pay at least 50 percent of their income on housing.

According to the Campaign to End Hunger and Homelessness, in 1983, 5.4 million renter households, or 18 percent or all renters, paid 60 percent of their income for rent. Ninety-five percent of these families had incomes below $15,000 per year. By contrast, ⅔ of rental households with incomes of more than $35,000 paid less than 15 percent of their income for rent. In other words, the less you earn, the more of it you pay for housing. In other words, the gap between the haves and have-nots increases.

Little wonder then that many working people are forced to live in shelters, and this diversifies the shelter population further. Whereas 7 years ago, shelters served marginated people, today they might well be the home of the person who serves up your lunch at

McDonald's, or the home of the man who repairs your TV, or the home of the teenager you meet at the bus stop.

What needs to change? We do. Selfishness needs to be replaced with selflessness and generosity. Charity, giving of our surplus, needs to be replaced by justice, giving of our substance. Individualism needs to be replaced by corporateness. Independence needs to be replaced by interdependence. After all, are we not all members of the same human family?

What needs to change? Funds need to be appropriated for the Stewart B. McKinney Homeless Assistance Act so that solutions incorporated in it might be actualized.

What needs to change? Public housing units in disrepair must be renovated to reduce waiting lists. In the District, the waiting list is in the thousands.

What needs to change? The Federal Government must commit to provide rental subsidies for all who are eligible. Here in the District, the Tenants Assistance Program has 11,000 on a waiting list. Denise, who follows me with her testimony, will share her experience with TAP.

What needs to change? The Federal Government must provide the resources to expand the supply of housing targeted to low and moderate-income people, especially families with children. Rent subsidies alone will not solve the problem if the supply of housing available to low-income families is not expanded. These housing units should be scattered throughout the community so that we don't again segregate the poor.

Here in the District, in 1984, through Initiative 17, voters approved a massive thrust to provide shelter for everyone. But purely local efforts are not enough to substitute for Federal resources. In 1988, might there be a massive thrust to guarantee that all in our country, the richest country in the world, will have the right to decent housing?

[The prepared statement of Sister Nancy Conley can be found in the appendix.]

Chairman GONZALEZ. Thank you, Sister.

Bishop SULLIVAN. Our last speaker is Ms. Denise Thomas.

STATEMENT OF DENISE THOMAS, RESIDENT, WASHINGTON, DC.

Ms. THOMAS. Good afternoon. My name is Denise Thomas, I am a resident of one of your district shelters. On February 18, 1988, I was illegally evicted from my apartment. I am suing my landlord in civil court. My children were sent to Pennsylvania to live with my mother. My husband and myself were placed in different shelters simply because we refused to drag our children though the shelter system. On May 18 I was awarded a T.A.P. certificate that allowed my husband and I $157. We pay $145 and the government pays the rest.

First we ran into the problem of application fees. Then we ran into the problem of realtors denying you for excuses —as you don't have enough income. This is impossible. I make $146.50, my share was only $145. My husband receives disability of $239 a month. Because of my situation I had to ask for a new starting date at school, I am a student in General Communications Academy in White

Flint Mall, because I found it impossible to find somewhere to study to be able to pass.

I had to secure a guaranteed student loan to get into school. I refuse to waste the money knowing I cannot pass and I have to pay the money back. All I wanted is a decent place to live and to be with my family. I see no reason for any programs that do not work.

T.A.P. is changing, but we need better housing regulations and more affordable housing. With $157 which the government is responsible for paying the largest amount of, why am I still living in a shelter?

Bishop SULLIVAN. We are open to any questions. Before we do that, I didn't want to pass on a man who was my senior and former president and who is going to dump me if I don't allow him to speak.

Chairman GONZALEZ. I was wondering what was happening.

STATEMENT OF BISHOP JAMES MALONE, YOUNGSTOWN, OH.

Bishop MALONE. Mr. Chairman, Members of the committee, I thought I was the silent partner here for a few moments. I am Bishop Malone of Youngstown, OH and a member of the Domestic Policy Committee of our U.S. Catholic Conference.

I am going to take this opportunity to make some comments on the testimony that has just been presented by my colleagues this afternoon.

First of all, it is our conviction our Nation, our leaders and our people need a new understanding of how vitally important housing is to the well being of our families and our communities. We need to consider the human and social consequences of this statistic, one in every four households, nearly 20 million in number, suffer significant housing problems.

We need to consider the number of families seeking emergency shelter has increased over 30 percent in the last few years. We are convinced our Nation needs a new commitment to find creative ways to work together to shelter the homeless but, more importantly, to provide decent affordable housing for everyone.

Last week in my city, which is in Northeast Ohio, the housing project that was built first in 1940 was featured in our local newspaper because that facility has declined to the point where the residents report that drugs and vandalism make it an impossible setting in which to raise a family.

That is the specter that comes to my mind as I welcome this occasion to speak to this committee that has responsibility for this area. As bishops, our great fear is we are developing a new and often dehumanizing way of caring for the poor among us. Society is isolating homeless persons in sometimes primitive shelters. We may be creating a new version of the poor houses of decades past. Dickens may be able to revisit us and paint a similar picture in contemporary America, similar to Victorian England.

Please do not misunderstand me. The Catholic Church is proud of its effort to shelter and feed the poor with some dignity. We are trying to insure no one goes without these absolute necessities, but society at large cannot pretend soup kitchens and shelters are a humane response to poverty and homelessness. It is appropriate

and necessary that Congress provide emergency relief funds to private and public agencies to care for those living in the streets.

But this cannot, will not, and should not substitute for Federal action also to help provide permanent affordable housing. As a people we must insist government provide the basic necessities. Charitable efforts cannot replace public policies that offer opportunity and dignity to the poor. Shelters cannot replace permanent, affordable housing for low income people, for poor families.

Second in my remarks is our experience and our beliefs leads us to suggest some directions and criteria for a renewed national commitment to decent housing. Keep in mind speaking to you as bishops, we are pastors, not policy makers; we are teachers, not housing technicians, so we are not offering specific policies but rather goals.

I want to name very quickly six. Number one, preservation. It is estimated between now and the year 2000 most of the nearly 2 million privately owned federally subsidized housing units will not be available to low income people. The Federal Government needs effective policies to preserve, maintain, and improve the low cost, decent housing now available.

Goal two, production. Government needs creative, cost effective and flexible programs to increase the supply of quality housing targeted for low-income families. We need to harness the expertise and capacity of the private and non-profit sectors in meeting these needs.

Goal number three, society needs to broaden participation. The active and sustained involvement of tenants, neighborhood residents, and homeless must be encouraged. The voice of our speaker previous to me is eloquent testimony of what I speak. Government needs to build into our public policy the American tradition of self help, home ownership, and neighborhood participation.

Goal number four, affordability. Ways must be devised to help families to obtain decent housing without requiring them to negotiate over basic necessities.

Goal number five, equal opportunity. This must be protected. Housing discrimination based on race, ethnicity, sex, handicapped, or families with children must be prohibited and these laws enforced.

Finally, goal number six, we need effective and creative partnerships. Public policy must encourage and support cooperation among non-profit community groups, churches, private developers, financial institutions and government at every level need to work together to build, preserve, and restore affordable housing. Working together we can accomplish a great deal.

Turning your attention now away from these goals, I want to say all of us must begin the great task before us by recognizing the homeless person as part of the human family, part of us. We all, churches, community groups, the private sector, State and local government must do more to meet our common responsibility for housing. Here in the Archdiocese of Washington, the Church provides shelter to homeless people at thirteen different locations; in the Archdiocese of New York, the Church has put $4 million into a fund to provide loans for low-income housing construction. These examples demonstrate the significant commitment the Church has

to ending the human tragedy brought by the crisis. But there is no substitute for an involved, competent, and committed Federal Government. It alone can provide the resources, the leadership, the direction, and the ability to ensure a broad, flexible attack on homelessness and poor housing. In this Nation we have the skill, the tools, and the capacity; what is missing are leadership and commitment.

We believe the Church has an obligation to join with those who are working on concrete solutions to the urgent housing crisis. We invite those who seek to lead this Nation; those who represent us at various levels of government; those involved in every aspect of housing construction from the workers to the financiers, to join with you and us in a determined search for how such a richly blessed nation can eliminate homelessness and take the necessary steps to provide decent, affordable housing for those in need.

I want to end by thanking this committee for all you have done to summon this Nation to its responsibilities to provide decent housing. A major test of the 1988 campaign and the next administration is whether we as a nation face up to the crisis of housing and homelessness. We need more than warm nods and expressions of concern. We need creative and effective proposals to renew our Nation's commitment to see that our people can live in safety and dignity in our generation.

Thank you Mr. Chairman and Members of the committee.

[The prepared statement of Bishop James Malone can be found in the appendix.]

Chairman GONZALEZ. Thank you, Bishop Malone, for a most eloquent statement.

Bishop SULLIVAN. We are ready, if you have any questions.

Chairman GONZALEZ. Yes. I want to thank each and every one of you for a tremendously important and well phrased presentation, probably the most eloquent I have heard here. I would like to review it from a perspective that perhaps you are not aware of, because nobody is reporting it.

In 1981, February 8 to be exact, we faced the President's budget as he presented it that day. It was immediately obvious that the budget proposed drastic reductions in and eliminations of some of the basic housing programs that had been in place in some cases for over 40 years. The code word was the Economic Recovery Program, ERP, as I call it, and in analyzing the budget, we saw that 80 percent of the thrust of the reductions was in the area that this subcommittee had jurisdiction.

Happily, I thought of seeing if we could get the director of the Office of Management and Budget at that time, Mr. David Stockman; and he accepted and appeared just about a week after that. The first thing he said when he came in was, Mr. Chairman, I am here against the objections of all of my assistants who point out that this is the first appearance of a director of the Office of Budget and Management before a non-budgetary committee. But here I am. And to tell you that yes, you are correct, in your letter of invitation, our intention is, and then he went on and listed the litany of intentions.

One of them was to phase out the FHA, the mortgage insurance program, without which America would never have been sheltered

over a period of 40 years as it was and as no other country can boast.

So when I asked, he said, well, the reason is that we have targeted the $31 billion allocation and we have concluded in this administration that too much credit is allocated to the housing sector in our Nation, and we think that it is not wise. I said, well, if we were to do what you are recommending here, by July 1, every single district and regional office of FHA would have a telegram saying, you can't make one more dollar commitment on anything.

He said, I don't see why. I said, well, because what you are prescribing isn't a phasing out, it is an immediate killing of this program. The $31 billion isn't the annual figure, it is a stretched out figure based on the long-term fixed basic mortgage approach at the time, the 30-year mortgage.

He didn't seem to know it, but one of his aids went up and whispered something and he backed off. Well, that really scared me because it meant that we were out here with a loose canon on the deck. The next thing that seemed to me to be contradictory was the reason for the statement of excess allocation of credit on a national basis. I then said, well, are you reneging on a national commitment to housing that Congress has declared as a matter of priority since 1937?

He said, absolutely not. What we mean is that most of this annotated credit in the past has gone to excessively expensive programs, subsidized housing, Section 8 new construction and the money goes to the mortgage dealers, speculators and the builders and it doesn't go down to the people who need homes. Well, that surprised me because that is the private sector that the administration said it was basing all of its philosophy on.

So being disturbed by that and the fact that the man was adamant, I was the first to meet with the newly approved, in the Senate, Secretary of Housing and Urban Development, whom I had met because he had been an assistant to the Secretary of the Treasury when John Connolly was the Secretary of the Treasury. I offered to go to his office, he said no, he came to my office. I said, you are going to be the Secretary of HUD, and I was here at the creation of HUD, but your budget and the Director of OMB propose the elimination of most HUD programs. What happens if it comes down to a shove and push and you have to stand up for the programs that the Congress created as a matter of policy.

He said, well, we are all committed to the President's Economic Recovery and there is not going to be any kind of a argument between OMB and I. Nevertheless, I said, I have been around here long enough to know no matter who is President or Director of OMB there is always a tussle. Now, will you have access to the President in case you come down to a basic matter of policy where a program that you are entrusted to carry out, is opposed buy OMB. He said, well, that is not going to happen, and in that case, we all yield to the superior intention of Economic Recovery.

I knew I was in trouble so I tried to get the majority leadership to help, but that was not possible. It was very dimly understood because the picture painted as to the dire straits of the budget and the like was such that we were immediately accused of insisting on being budget busters. So then the rest is history. We had the enact-

ment of the Tax Bill, the Reconciliation Bill, which is to a lot of you Greek, I am sure, but the end result was that all of the traditional methods of authorization and appropriation were obliterated. It actually challenged the constitutional primacy of the Congress insofar as the purse strings were concerned.

So ever since reconciliation, no matter what this subcommittee or any other authorization committee feels is a basic matter of priority, it may or may not be recognized as such. Up until last December, we had no free-standing authorization bill on the basic housing laws.

As a matter of fact, the basic assisted housing laws had been expired as of October 1, 1983, and we had been proceeding on appropriations. So I wanted to give you that background in order to convey to you the fact that while the majority of Members recognize there is a need out there, they are caught in this dilemma. We are between a rock and a hard place.

If you go out on a limb and say, well, nevertheless, we are going to authorize what we need, you know that you may just be talking because the reality is, it is not going to be appropriated.

A year and 5 months ago we had everybody for something: leaders, the Speaker, everybody. After much travail, we passed the emergency homeless bill, which we had introduced in January, in June, and we authorized over $400 million.

Less than $200 million was appropriated for homeless programs under our jurisdiction. As you said, Bishop Sullivan, the problem is not lessening, it is aggravating, and we predicted that in 1982. We predicted homelessness, but it was impossible to convince others because it wasn't visible at the time to the degree it has become now.

But even today, and even as of last year and the year before last when we had our authorization bill, everybody worshipped this thing called freeze. Well, my comment was, if you can freeze life in this dynamic country, if you can freeze birth, then you can freeze budgets. But I was the only one, and I had to yield in order to compromise, turning up first on the majority side something that would be acceptable and then finally we did get some bipartisan consideration the year before last. But it died in the Senate.

Then last year the Senate, for the first time in 6 years, even so much as had a hearing on housing and passed a bill rapidly, by early spring, and in the summer, it went to conference and it was considered dead as a doornail in early December and lo and behold certain things happened and on December 22 at 2:30 in the morning we got it out.

But homelessness in the meanwhile and the Emergency Homeless Act as put together, is still yet to have received any kind of halfway reasonable and prompt funding. So now we have the extension because the bill will expire, the legislation will expire sometime this summer. And we have marked up the bill in subcommittee, it is out, but it is pending in the full committee, and there is sort of an inertia. You don't have that sense of urgency in priority.

You are absolutely right, and this is what some of us have been saying all along, we must attack the cause of homelessness. And the reason people don't have shelter is that there isn't available af-

fordable housing in sufficient quantity, and we won't have it if we don't construct it and we haven't constructed it.

So it seems to me kind of simple, but yet when you hear all the argumentation here it gets very involved. At this point, we welcome your contribution because it is going to be most helpful to us. At this point we need to have an immediate mark up as soon as possible in full committee and your presence here will help us and the Members attending your conference can help us immeasurably if they will in some way contact their own individual representatives.

I say this only because it hasn't been generally presented this way. Even I in my case, back home when I introduced what was known as H.R. 1 and then H.R. 4, that was the basic reauthorization of this Congress and the last Congress, I had a heavily headlined editorial in one of my major daily papers saying, Gonzalez, H.R. 4 should be defeated. Now, obviously it was based on claim that this would be a budget busting bill. As far as I know, it was the only newspaper in the country that editorialized against the housing bill.

Yet that was in my own backyard, right in the middle of my district. So it does appear at this point that we have some 20 days of actual work days before we hit the election period and I don't know that we are going to have anything that will be responsive to this tremendous need as far as permanent shelter and housing opportunity, affordable housing and affordable construction of housing.

So I have a couple of questions that I intended to ask of Mr. Errigo, particularly about the method of funding of your trust fund, the mechanics of it. I will submit those in writing so I can give my colleagues an opportunity to ask questions.

With that I will end up as I started, by thanking you profusely for being here today.

Mr. Vento.

Mr. VENTO. Thank you, Mr. Chairman. I will be brief.

I think your statements were very good.

I think the chairman sort of summarized the last 7 or 8 years and the lack of commitment. Unfortunately, what this means is that for the next few years, even if we were to initiate today a recommitment, we will not see new assisted housing available for people in our communities.

Compounding that, of course, is the disparities in income being created in our society, the fact there are more people we represent below the poverty level now, and the greater need for housing, which means there has to be a substantial commitment at the national level.

Obviously if we could solve that through the income structure, that would be preferable. But meanwhile, insofar as our economy treats people differently, and substantially differently in terms of income, it is absolutely essential we at the national level, State and local governments, as well as non-profits, continue in this endeavor.

I don't know if there is a more fundamental need, but I think it is one of the few programs that are not an entitlement area, and if we are talking about families and the types of values that are so

essential in our society in terms of dignity and so forth, certainly housing has to be one of the important priorities.

To dismiss this kind of problem and suggest people who are homeless desire to be that way, that they don't care to change—that obviously may have been true for some that have chemical dependency problems or substance abuse problems, but it is not true today for the type of population.

One of the things that has been most helpful in our area, Mr. Errigo, has been the involvement of the community. The churches have an opportunity to bring into involvement the people who belong to the suburb and parish I belong to, and many others.

I had the novel experience of going to—one of the groups wanted to talk to me after Mass one Sunday and I didn't know what it was about exactly—this is about 3 or 4 years ago, and I was involved deeply in this first initiative on homelessness. They sat me down and said we have been down to the Dorothy Day Center in our community and we feel it is a wonderful program, we want you to know the people getting these benefits really need them. They were very supportive of that and wanted me to know, as their Representative, so I could go up to Congress with that particular understanding.

Well, the message I think inherent there is the involvement of people in the community, in other words, not just living in the suburbs and being insulated from that particular problem, but actually going down and coming face to face.

It is awfully easy to get into your groove driving back and forth to work or whatever you are doing and imagine everyone else really has the same opportunity to do everything that you do. And the fact is, I think one of the biggest factors in our community is sort of the isolation of the various groups, the have's and have not's.

I think a church or religious organization, social organization, can break that down, eliminate the insulation, make people believe the fact is the difference between me and the other guy who is down there standing in line is not very great. I think that is it, the strength of this type of contract involving people.

This is not going to become an entitlement program overnight. But in order to gain the kind of commitment we need, it has to be based on understanding. If you are insulated and don't understand that—constantly walking down the street telling people to repent is not a popular attitude for politicians. We are not likely to talk about it. We are likely to talk about things much more uplifting, much more positive. But there has to be an opportunity for people in our society face to face with these realities, and I think taking credit for passing good public policy is not very great. I mean, the programs are here. We know what we have to do; we have to spend real dollars.

Bishop Malone, I paid close attention to what you said about the inefficient administration and the functioning of programs in some jurisdictions. We are not dealing with people always who have a great amount of skill. They have a lot of problems. If they didn't have problems, they would have a job, they would be working and taking care of themselves.

But hand in hand with the type of loss of dignity, status in society, the feeling of failure, the image they see on television as compared to themselves, run these kind of problems. There is going to be a greater need for administrative dollars, a greater need for policing problems and so forth.

Some architect came up and designed these highrises that have 12 floors and elevators for families. Well, obviously they were inefficient, they have caused a lot of problems. We have made some mistakes but there is a lot that is good that you can see if you talk to Mr. Errigo in terms of our community as you look at the distribution of housing in the areas, in some of the best communities in our area and some of the areas that are lower income areas.

I note in your description you were the owner of the manor in Hastings that burned down over the weekend, so I was paying attention.

So this housing is lost through a variety of problems.

Let me just ask a couple of questions. I think that would be helpful to the committee.

Torre de San Miguel, of course, is the institution in St. Paul you took over after it was defunct and after HUD had problems with it. That is now very successful, 142 family units on the west side of St. Paul.

It happens, Mr. Chairman, to be an Hispanic community. I don't know whether you caught that or not.

Chairman GONZALEZ. I saw that. But the one he had trouble with——

Mr. VENTO. The Native American one.

What is the problem with HUD today in that Native American—that is 250-some units?

Mr. ERRIGO. In South Minneapolis we became court-appointed receiver in 1983, and the struggle since that time has not been with the community, as I said, it has been with the HUD office, and it generally centered around two issues.

The first was the rehabilitation of the developments, 212 units, a very large-scale housing development for our area and almost all American Indian, a very low-income population, probably the lowest rung of society in our community.

The first debate we had, in a sense, was around the physical rehabilitation, which had been written into the court order as a condition of our serving as receiver, so that the Federal judge that issued the order and that brought us in to represent him bought that as a basic premise, that rehabilitation would be conducted at Federal expense because it was a HUD-helped mortgage.

The government dragged its feet on that all the way through to the point where it created a kind of second court case alongside the main event, if you will, which was a foreclosure case. Alongside of that was this other one about whether they should provide money for rehabilitation. The judge said yes, you should.

To clarify things—I am translating a whole lot of discussion over months, and years in fact, in just a few words—HUD appealed that decision and lost, so we were able to complete the rehabilitation. There were several other smaller parts of that that would probably amaze you and the other committee Members about the kinds of

appeals HUD kept making. But, in any event, they lost that particular battle.

We then proposed, in two instances during the course of the receivership, a solution to the problem, which would be something basically very similar to what we did at Torre de San Miguel, which Mr. Vento just mentioned, and that would be to set up a new ownership entity that would assure the participation of the community and, in a sense, we would become a sponsor for the development and be kind of a vehicle for that to happen—this intermediate concept I talked of earlier.

HUD frankly got very hung up on this notion of a negotiated sale. They said you can't do that, the Congress is overseeing that kind of thing very carefully and is heavily scrutinizing that kind of activity and so we don't think we can do it.

Our position, of course, was if you don't do it, I think the Congress will scrutinize you very carefully, because this is clearly a solution rather than a problem. If there had been instances where private developers had a quick deal cut and somebody got caught at it, that is unfortunate. But that is not what we are talking about; we are talking about the Archdiocese and the Indian community kind of joining together as a solution, not to create a quick fix for someone in the private sector.

They resisted that all the way along and, now that the decision on foreclosure has been made, we are back——

Mr. VENTO. I think for the record you ought to answer this in writing and give us some of those details. I think it is important.

[The details pertaining to foreclosure from Mr. Errigo can be found in the appendix.]

Mr. VENTO. I think the underlying current here is—and we have seen it time and time again by finding this particular kind of project in default—how many years are remaining on the contract?

Mr. ERRIGO. It is about 20, I guess.

Mr. VENTO. Obviously by finding those 212 units in default, the underlying program is—the end goal isn't to make it work, the end goal is to withdraw the national government commitment from that and come back with something that they think is better.

It is all right if you have that philosophy; I can understand differences of opinion. But I don't see personally the basis for that type of judgment. It is something that is authorized, but clearly you can see it is a manifestation of a different agenda, and we have seen this not just in this instance but in any type of troubled project area. Indeed, they are going to be there.

Some of the vouchers actually work in our area because there is some available housing, but it will not work in many of the other instances.

Isn't that right, Joe?

Mr. ERRIGO. I would say so.

It has very limited applicability in our area and I think in most major metropolitan areas. I think the possibility of it working is just next to impossible. Costs are just too high.

Chairman GONZALEZ. If the gentleman will yield?

Yes, it is ironic they would have given as a reason the fact that Congress is sensitive about these deals where they are worried about making a deal with angels. The reason for their sensitivity

was they got exposed in a self-dealing with one of the officials of HUD, one of the assistant secretaries ended up in scandal in the New York, New Jersey area—which of course is an entirely different case.

This has been our experience with this administration of HUD. Currently we are battling, even after a court fight, for HUD to carry out the TMAP, the emergency assistance, mortgage assistance program for FHA.

Mr. VENTO. That has been going on for 7 or 8 years.

Chairman GONZALEZ. But they have been brought to court in Chicago. Did HUD do it? The Congress has appropriated funds it has articulated, this is its policy, and HUD still has not implemented the program.

I received a letter 3 weeks ago from the Secretary saying the reason they hadn't implemented it is because they hadn't drawn up the rules and regulations. Then yesterday the other assistant said, no, we are ready, we could go, but we have only gotten $350,000 and we need $1 million for a vendor contract.

That is one of the shoddiest kinds of pretext, for not doing what is clearly the congressional policy, and so we do have that to contend with.

As I said, just yesterday, we have a case here of juvenile insubordination, but no juvenile court to haul them to.

Mr. VENTO. I want to point out, in Mr. Errigo's testimony—and all the other testimony was very good—he pointed out ⅔ of the rent in the housing they operate receive Federal subsidies. When there is all this discussion about the non-profits and groups taking over, the fact is there has to be some income stream there to assist in terms of the ongoing operation, the maintenance of these programs. And, frankly, the States can't do it alone.

We are now locked in a battle with, I believe, the Ways and Means Committee on Housing Finance in terms of keeping the revenue bonds in place. If you know anyone on that committee, you might want to talk to them about that, because it is important.

What you have here is withdrawal of the financial institutions, the threats that had traditionally been in housing, you have a change in income patterns that are a greater disparity between affordable and being able to own your own home, which is of course part of the American dream, or at least it should be retained as part of that dream, and you find a reduction.

So at the very time we have the number of people going up in terms of dislocation in the economy—which I don't have to tell someone from Youngstown about—you have a decrease, no money flowing into housing, plus the traditional institutions withdrawing from housing, and the tax laws and so forth.

If you go down to Dallas and Houston, you can see office buildings large enough to accommodate—all the offices needed in Boston could fit into extra office space in Houston and still have some remaining. That is where we put our money in recent years, and of course weapon systems, which probably you can argue in different forms. That is where it has gone.

If we can take those empty offices in Houston and Dallas and convert that into housing, that is where our money has gone and that is where it is going today.

I think it is time we recognize that we have to change the impetus, where this is going. We would like to give you the tools and continue to give you the tools to do the job. We are pleased—I am—that you have stayed in this and are going to state this role and continue to state it and involve the inner communities in understanding this.

I will meet after every Mass with every group that has that message to give me, Mr. Sullivan, or back home, because I am always happy to hear it again.

It does take that type of building. I don't think it is an instant understanding of this particular phenomenon, particularly among those of us who have made our way.

Unfortunately I think Sister Conley's comment about charity and what real charity is, giving from what you can feel, is obviously the classic lesson that has to be repeated in this country.

There are an awful lot of people—one of the most disappointing things I have experienced is a black woman, an engineering student from a college in my District, who said to me, "I made it on my own and I think everybody else ought to, too." She wouldn't have gotten into the school and she would not have been an engineering student under most circumstances, but for the—in other words, there has to be a recognition that you make it because you are working with a lot of other people that helped you along the way. You do have an obligation that goes beyond that.

Chairman GONZALEZ. About charity, you know what Mark Twain said. He said, "Charity isn't giving the hungry dog a bone. It is giving the hungry dog a bone when you are as hungry as the dog."

Mr. VENTO. It sounds like the relationship between me and my kids, you know.

Mr. Chairman, with that—I can't top Mark Twain.

I want to thank this panel. It has been thought-provoking and we have these concerns, but we have to build the type of understanding, we have to build the type of support that will resolve these issues and make the type of commitment in dollars and cents.

I need more of these good ideas so I can get elected for a number of years.

Chairman GONZALEZ. We will take judicial notice that you attend Mass every Sunday.

Mr. VENTO. Almost every Sunday.

Chairman GONZALEZ. Ms. Kaptur.

Ms. KAPTUR. Thank you, Mr. Chairman.

I want to tell the members of this excellent panel, though I wasn't here for your excellent presentation, I have read it while sitting here, and I want to welcome you. Certainly Bishop Hoffman of Toledo, the district I represent, would want me to give you his regards.

I served on the board of the Campaign for Human Development many years ago. It was one of the finest experiences of my entire life, and I was curious—my questions are rather simple.

Mr. Errigo, I read your brochure. Did Father Ed Flahavan have anything to do with the founding of your CDC?

Mr. ERRIGO. Yes, he did.

Ms. KAPTUR. I said this to Cardinal O'Connor when he was before this committee several months ago. I had the great privilege

of traveling around this country long before I ever got elected to Congress. After we get elected, we can't travel very much, you know.

I had a lot of great experiences before being elected, and what always amazed me about the Roman Catholic Church, of which I am a member, is that it had such a rich experience in housing in various communities.

I looked at your experience, which I was not real familiar with, Mr. Errigo, in detail. I spent some time in Newark, New Jersey, with Father Bill Linder up at St. Rose of Lima Parish. They run one of the finest management companies, they build housing, they run the largest infant daycare center which was established in conjunction with that.

The Mercy Sisters in my District just broke ground on a new 220 project for the elderly, which they tried to get for 3 years. Their application wasn't good enough so we had to keep working with them so they could get the appropriate number of points.

We know the influence that the Nehemiah project from New York had on this committee and the country.

One of my best friends in Chicago, Ed Marciniak, runs the Institute of Urban Life there, associated with Loyola, and has been instrumental in trying to solve the public housing problems in Chicago.

But the amazing thing about the Catholic Church to me is that I have often asked myself the question, what is the mechanism—Cardinal O'Connor never answered this question for me—the Church has in place to share experiences across the country?

In the 1970s we probably were not able to do it. We are now almost embarking upon the 1990s, but there are some unbelievable experiences across the country, a richness and depth of experience that is really unrepeated.

I think what the Roman Catholic Church has done is largely to create a body of expertise which as yet has not been able to be brought together to teach others.

I found it tragic that the Mercy Sisters in my District, for example, had to try three times—because I knew there were other orders around the country that had made it the first time—that there was no place they could really go. We worked with them. And I guess I would like to just pose the problem to you as Bishops with very important roles in the Church.

We do now have a body of experts out there which should be made available to a diocese like mine, where we could grow new experts, and for whatever reason the Campaign for Human Development, because it is starting new projects and all, I am not sure that is the place to do it. But it seems to me there really is some knowledge out there. In addition to that, there are a lot of Catholics that I think would want to serve such an effort.

A housing expert's example, Tony Downs, who is now here in Washington and who used to run Real Estate Research Corporation in Chicago, would make his tremendous mind and experience available to a housing effort. He is Roman Catholic.

I am not just pushing my own church, but it seems to me we are at a point we need to embark on something new built on that experience.

I remember asking the Cardinal, "How much money do we have in credit unions across the United States?" I bet him a steak dinner he would never be able to send me an answer. He never did.

I often wondered about the role of credit unions in expanded housing efforts across this country. So I guess I just pose the problem to you of what mechanism—as we struggle here to provide more resources for housing to groups like yours, non-profits that are trying to help our people—what mechanism the Church has in place or could put in place to train the new leaders in these neighborhoods across the country?

I am sure you don't have an answer on that, but it is a problem that I certainly thought about and a challenge that I still think exists out there that could be so important now.

People like you, Mr. Errigo, should be influencing a hundred other new younger people out there in the country who could do exactly what has been done in St. Paul and Minneapolis. We don't have the mechanism to set that price. If you have any ideas on that, I would certainly give time to that, and to share experiences, to share wealth actually, share wealth across the dioceses, some of the pension funds that exist, some of the credit union assets. It is something I think we need to do and do a better job at.

The other question I really did want to ask is, which of the housing programs on the books now do you find most useful?

The people in my District seem to like the Section 8 Rental Rehab Program a lot. The 202 is obviously very popular.

Is there any program you find really helpful in your own work?

Mr. ERRIGO. I believe there needs to be a variety of points of intervention in the system. Two hundred and two alone is not enough. Rental rehab, of course, is useful in certain settings.

Just one point that might underline the need here, in Minneapolis there has been a recent study that talked about the need for housing rehabilitation over the next 20 years. There is an enormous amount of physical deterioration that occurs when there aren't a series of programs that can work to maintain the housing stock. And even in a place like Minneapolis or St. Paul, which is generally regarded as better off than other large cities, there is a tremendous amount of deterioration.

I think unless there are Federal dollars available to be matched with city dollars or whatever, whatever terminology or program definitions you might want to have, those units are going to be lost over time.

So I think there is an enormous need for rental subsidies for things like duplexes and fourplexes that otherwise will just be lost to the housing stock.

It is easy to say what programs are working because there aren't too many left, as you know. I think you pointed out the ones that are somehow surviving. But I believe there has to be intervention at several levels in order for the whole system of housing to work.

Ms. KAPTUR. I just wanted to end by saying I know I am in Congress because of the influence of a wonderful priest, Monsignor Geno Baroni. They often say they made him a monsignor because they knew they could never make him a bishop. They put him on a special track. I think his efforts to influence national policy and create voices at this level—I wanted to emphasize my first point,

that is, one of his greatest gifts was his ability to create national capacity, to take individual experiences across the country, to build on them and then to create something larger.

I would hope I have been able to express well my own desire, just as one Roman Catholic, whether I am in Congress or not, saying I really believe at the national level we are ready for some type of housing entity on the part of the Roman Catholic Church that could be a teaching vehicle that could reach out to many dioceses which do not have your expertise, and there would be many people I think that would be interested in helping in that endeavor.

Mr. ERRIGO. I appreciate your comments very much and your reference to Ed Flahavan and Monsignor Baroni. They are two of my heroes.

Ms. KAPTUR. But look at what you have done in your life. You went beyond where you ever thought you might be.

Mr. ERRIGO. I appreciate that.

Bishop SULLIVAN. I can just tell you Catholic Charities—USA Today has put out a book this thick of all the housing we have done across the country in every diocese. We have a housing commission where there is tremendous expertise from across the country.

I will take back to them your suggestion about how we can exchange—we do it in New York State. Syracuse has a housing group that has gone around to the rural parts of the State and other dioceses to help them produce housing in rural communities.

We set up a housing development corporation 15 years ago. We built most of the non-profit units of housing in the city of New York. There is tremendous talent and expertise.

Ms. KAPTUR. They always send out these little—we are getting close to festivals in my church, and in the pew on Sunday, usually in March, they have this questionnaire and you fill out what you want to work on for the Church, do you want to serve coffee, do the chicken dinners, work the bingo tables. I wish there was a line on there, do you want to serve on a housing panel.

Let's say we have got a savings and loan president in our church, which we do. I will bet you a dime to a donut some of this expertise across the land could be tapped in a way—but we have never been asked to serve in that way.

So I appreciate your listening.

Bishop SULLIVAN. I just had a man come in this week from Housing Preservation, Ron Marino, with Smith Barney, that worked with the city of New York in housing preservation for 10 years. He came in as a volunteer to offer housing expertise, and we have set up a task force to work with the local Puerto Rican counseling and we are going to do a whole section in terms of how we can do creative ideas with local people in developing housing.

We have converted over 80 Church-owned facilities into some form of housing in Brooklyn, for retarded, foster children, homeless—we can go to three Parish schools—housing for the homeless. We converted a convent into shelter for homeless women. There has been a tremendous vitality, ingenuity.

When we come here it is a drop, it is a drop in the bucket in terms of the need, and when we come as advocates we come to—people who say you can't do anything about housing are all people

who have housing. The people who come here as advocates are very conscious today, we all live in a house, and it is a tremendous blessing. Miss Denise Thomas does not. You cannot separate us out.

The line of vulnerability between those who have and those who do not have is very thin, and I think when we come here there is a great consciousness our parents, our brothers and sisters built contained housing, federally financed housing, 4½ percent interest. Today we have walked away. Yet the very people—as you said before, I think as Congressman Vento said before—the very people who have got it today say we can't do it, except a recent poll shows that after the Federal deficit Americans are willing to spend $100 more per household in taxes to do something about homelessness and housing.

There is a tremendous need. What we need is what Bishop Malone said, there is a need for commitment. We are hoping—it may not happen in the next 20 working days—a hope it happens in the next session and it happens in the next administration.

Ms. KAPTUR. Thank you, Mr. Chairman, for your forbearance.

Chairman GONZALEZ. I was going to advise my distinguished colleague to be patient with our very great Archbishop O'Connor. He has been very helpful to this committee. Be patient with him, because he has been from Israel to Fidel Castro. The last I heard, he was going to Russia. So, he will get your statistics as soon as he gets back, I am sure.

Ms. KAPTUR. I thought I would put that back on the record.

Chairman GONZALEZ. Mr. Wortley?

Mr. WORTLEY. Thank you very much. I am sorry I had to leave for a few minutes.

You really are preaching to the choir when you come here today, because there is nobody greater than Henry B. Gonzalez when it comes to promoting housing for the needy, the homeless, you name it. It took him 6 years to get his housing bill through, but we did get one.

You mention the Syracuse diocese, which is my diocese. The community up there is much more effective than you are able to describe. My question is, what is the church really doing in terms of offering some of its property for housing the homeless? What about some of your empty schools, the basements of your church halls and others?

Are you using these facilities for your office or attempting to use them for the homeless?

Bishop SULLIVAN. We have about 40-something parishes at the present time that are housing homeless in schools, convents, taking in AIDS babies into rectories in the Borough of Queens. The greatest advocates for housing, the greatest army today are the people who are volunteers to staff our shelters. They know this is not an answer. They also know by experience, these are not "problem people."

They know that this is something that has happened in the society, for lack of either prioritization, for lack of commitment in terms of funding and making it available. They are the people who believe, I think, the greatest advocates we have right now in the city of New York for decent housing are the people who staff every week our shelter and our parishes.

Mr. WORTLEY. That is good. The church has an opportunity to provide significant leadership. But what are you doing about the slumlords in New York, the welfare hotels where they get $1,000 a month or more? Are you working with Mayor Koch, with the city housing authority and others?

Bishop SULLIVAN. Well, with the Mayor and most of us, if you ask me not only what is the most tragic evidence of symbolism of the disgrace of homelessness, is the fact that we have mothers and children living in rat-infested, roach-infested apartments that we call slumlord hotels in the city of New York.

We are pushing hard with him to convert housing in the city of New York so to try to move people out of that. We have built in a section of East New York, where 27 percent of the people are willing to privately own, are people that come out of public housing. Hopefully, that would open up. We have 20 to 25 percent of the people in public housing in New York that end up in public housing.

Chairman GONZALEZ. Bishop Sullivan, Mr. Wortley, we have a little under 5 minutes. If you are willing to come back, we will recess for about 10 minutes, go vote and come back, if you have the time.

Mr. WORTLEY. I was going to throw out one more observation, Mr. Chairman. I don't need any more time. I was going to go to Bishop Malone. I notice you are President of the National Conference of Catholic Bishops. You had a rather controversial pastoral letter a couple of years ago, somewhat critical about the distribution of wealth in America.

I am sure you are aware of the statistics perhaps better than I, something like 10 percent of the taxpayers in this country pay about 50 percent of the income taxes. You come down here, you want all these programs. I would like to see some of these programs too.

Where do you think the taxes are going to come from? You are advocating redistribution of wealth and frowning upon people who do accumulate some degree of wealth. My point is, a large tax hike on the people who are saving and investing will ultimately depress the economy and deny us the means to help the poor.

Chairman GONZALEZ. I hate to interrupt. May I suggest that if we can come back, and I think some of the witnesses have to leave, if you would submit that question in writing in sufficient time for the Bishop to receive the transcript, then you can give your answer for the record.

Bishop MALONE. I will be glad to do that, certainly.

[The letter from Mr. Wortley to Bishop Malone pertaining to above mentioned question can be found in the appendix along with the response from Bishop Malone.]

Chairman GONZALEZ. In that case, the subcommittee stands in recess until further call of the Chair.

[Whereupon, at 4:20 p.m., the subcommittee adjourned subject to the call of the Chair.]

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STATEMENT OF CONGRESSMAN FLOYD H. FLAKE (6TH - NY)

BEFORE

THE HOUSE SUBCOMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

JUNE 15, 1988

HOMELESSNESS IN AMERICA

While Congress in 1987 approved the first Federal housing bill since 1980 which will authorize $30.3 billion for Federal Housing and Community Development programs for fiscal years 1988 and 1989, there is still much work that needs to be done. Homelessness in America has reached crisis proportions. Families with children comprise the fastest growing group of homeless. Our people are under siege by an enemy which lies within our own borders. The enemy - Administration policies which ignore the well-being of our citizens - has wrecked havoc on this country for the last eight years.

In New York City, families with children make up almost two thirds of the homeless population. The Borough of Queens alone has ten welfare hotels housing approximately 355 families. The total population of homeless, including sheltered and

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unsheltered, in New York City is between 60 - 80,000 persons. New York City has a sheltered population of 28,000, and it is estimated that there will be a 20-25% annual increase of homeless persons. Of the families residing in the New York City shelters 95% are Black or Hispanic and 80% of single adults in these shelters are Black or Hispanic. Cities across the nation face the same stark realities.

A national crisis such as this warrants a national initiative to remedy the physical, educational, economic and spiritual poverty suffered by our people. It is our task, as members of the House Subcommittee on Housing and Community Development, to join in and lead efforts to regain control of our families and to build safe, decent communities for our children to grow up in.

Although in June of last year, Congress authorized $443-million in new aid for the nation's homeless for the balance of the year, this is a bandaid which addresses the symptoms rather than the disease itself. While this authorization is well intended and a concrete step, it is by no means enough to cure the problem.

Before homelessness in America can be adequately addressed we have to understand why and how people living in such an affluent society can be allowed to get to a point of total despair and destitution. Why, in a country that leads the world in appropriations for military weapons, are there 2 - 3 million

homeless. We must refocus our efforts on the real needs of our citizens rather than waste money on the military industrial complex.

Although, some need no reminder of the plight of millions in our country, many of whom are homeless, many who live in housing without heat, bath and sewage facilities, many of whom are forced to pay a disproportionate amount of their incomes in order to have some kind of meager shelter, a large portion of the population is not aware that this problem exists. Those who so fervently supported this Administration and its rhetoric that America is greater than it has ever been, closed their eyes to the reality that there are too many among us who need the government's help.

For this Administration to continue to pretend that we do not have a homelessness problem and to continue to underestimate the number of homeless at 250,000 - 350,000 is more than a disservice to the homeless and the American public, it is a blatant disregard for the principles that this country was founded upon.

The Housing Authorization bill that we in the House of Representatives recently passed is a two year authorization, giving Congress a chance to examine and revamp existing housing codes and policy. The goal of which is to reform housing law in this country in the same sweeping manner as the Tax Code was

revised in 1986.

We in Congress will be developing housing policy to reassure that an individual's basic rights to housing, as stated by our existing housing policy, are protected. I am a cosponsor of the McKinney Housing and Shelter for the Homeless Reauthorization Act of 1988 which would amend Stewart B. McKinney Act to extend the urgently needed housing and shelter programs for the homeless.

In March, I joined six of my colleagues in introducing the Affordable Permanent Housing for the Homeless Act of 1988. This legislation would provide decent low income housing for individuals, families and handicapped persons within six months to a year of the date of its enactment. Additionally, the bill would help to prevent homelessness by securing housing for individuals and families in imminent danger of losing their homes.

We will continue to examine ways to provide additional housing units and home ownership opportunities for low and moderate income persons and to the middle class. We in Congress will be asked to decide how many families our nation is willing to help obtain adequate and affordable housing and to what degree they will be assisted. We can not allow ourselves to rest.

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Statement of Congressman Robert Garcia
June 15, 1988

Mr. Chairman, I note the hearings you have already held this year on the implementation of the McKinney Homeless Assistance Act Act and on preventing the disappearance of low-income housing. I want to commend you for once again bringing to our attention the ongoing problem of homelessness and the housing shortage.

I want to digress for one short moment to speak directly to the problem of homelessness. It is a tragedy and produces a hardship that is an everyday reality for thousands of homeless individuals and families in this country. When one thinks about it, it is beyond belief that the problem could have grown to such proportions. It is equally outrageous that the supply of affordable housing has decreased to such a level.

Homelessness represents a challenge for those of us on this subcommittee and for those of us who are a part of a greater community of concerned citizens and professionals to make the commitment to solve the problem of homelessness.

As the reports of the National Housing Task Force and the National Low Income Housing Preservation Commission suggest, this requires an immediate and deliberate response. We must alleviate the plague of homelessness and the shortage of low-income housing. No one should be without the basic human need of shelter.

I look forward to the testimony today because the witnesses are the very people who work with the intended beneficiaries of these programs on a daily basis. It is important because those of

us who make the laws must understand the complete set of issues and problems involved with homelessness and housing. It is also important for us to be fully aware of the success stories achieved with the homeless programs and the difficulties experienced under them.

I look forward to the day when we can have the uplifting feeling of success in our campaign against homelessness. But I don't have to tell anyone here that we have a long way to go. Nothing short of an all out commitment to the policy articulated over a decade ago in an earlier housing act will provide the death knell to homelessness. In that act, we set as our national housing policy to provide every American with a decent home and healthy living environment.

When we accomplish this monumental task I am sure that we will have struck at much more than just the shortage of affordable housing and the problem of homelessness. We will have gone beyond the single important issue of housing and begun to solve many of the other problems plaguing the less fortunate in America.

At this time I want to turn the floor back over to the chairman so that we can hear the testimony of our guests as soon as possible. Let me thank you all for participating in the process and let me thank you Mr. Chairman for making this forum possible.

Homelessness and Housing: A Human Tragedy, A Moral Challenge

A Statement of the Administrative Board

United States Catholic Conference

March 24, 1988

At its December 1987 meeting, the USCC Committee on Social Development and World Peace prepared a statement on homelessness and housing. That statement was submitted to and approved by the USCC Administrative Board on March 24, 1988. It is authorized for publication by the undersigned as a statement of the Administrative Board.

Monsignor Daniel F. Hoye
General Secretary
NCCB/USCC

April 7, 1988

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"The Church, 'sharing the joy and hope, the grief and anguish of the people of our time, especially those who are poor or affected in any way,' feels it has a serious obligation to join with those who are working, without self-interest and with dedication, to find concrete and urgent solutions to the housing problem and to see that the homeless receive the necessary attention and concern on the part of public authorities."[1]

John Paul II

These recent words of our Holy Father pose a special challenge for American Catholics. They call us to renewed reflection and effective action on the national disgrace of widespread homelessness in our midst and the broader housing crisis that undermines the life and dignity of so many of our sisters and brothers who lack a decent place to live.

In these brief reflections, we seek to call attention to the moral and human dimensions of the housing issue, to review the teaching of the Church in this area, to reflect on our own experience, and to suggest some future directions for national housing policy.

Our Purpose/Our Experience

We come to this issue as pastors, not policy-makers, as teachers, not housing technicians. But we know from our own pastoral experience and the work of our dioceses and parishes across the nation that homelessness and poor housing are destroying lives, undermining families, hurting communities, and weakening the social fabric of our nation. Homeless people and those without adequate housing frequently turn to the Church for help. We see their suffering. We feel their pain. Across this nation, the Church is reaching out in an unprecedented way to provide

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[1] Pope Paul II, Letter to Pontifical Commission Justitia et Pax (December 8, 1987).

shelter to tens of thousands of men, women, and children. We help millions of families avoid eviction and obtain other needed assistance. Dioceses, Catholic Charities, and parishes have built and continue to serve in thousands of affordable housing units. Through the Campaign for Human Development, we have assisted a wide variety of local self-help groups working to improve housing for the poor and powerless. We are deeply involved in housing. But our efforts cannot and should not substitute for effective and just public policies to deal with the crisis of homelessness and the urgent need for decent housing in our communities and country.

Our Social Teaching

We bring to this discussion more than our experience in sheltering the homeless or providing housing. We bring our faith and our traditional teaching about housing and the human person. This is not a new concern for us. For decades, the Catholic Church in the United States has been an advocate for more effective national housing policy. In 1975, we issued a major statement on housing. Our recent pastoral letter on economic justice raised a number of values and principles with clear implications for housing. Other Catholic groups have addressed this issue with urgency and wisdom.[2] Recently, the Pontifical Commission Justitia et Pax released a major document on housing and homelessness, *What Have You Done to Your*

[2] United States Catholic Conference, *The Right to a Decent Home: A Pastoral Response to the Crisis in Housing* (Washington, D.C.: USCC Office of Publishing and Promotion Services, 1975). *1985 Policy Statement: Housing* (Catholic Charities, USA). *Housing: The Third Human Right* (Washington, D.C.: USCC Campaign for Human Development, 1985). National Conference of Catholic Bishops, *Economic Justice for All: Pastoral Letter on Catholic Social Teaching and the U.S. Economy* (Washington, D.C.: USCC Office of Publishing and Promotion Services, 1986), nos. 61-95.

Homeless Brother?, examining the worldwide dimensions of this problem, sharing the universal teaching of the Church, and calling for public action to provide decent, adequate housing, especially for the poor and vulnerable.

The Church has traditionally viewed housing, not as a commodity, but as a basic human right. This conviction is grounded in our view of the human person and the responsibility of society to protect the life and dignity of every person by providing the conditions where human life and human dignity are not undermined, but enhanced. As Pope John Paul II said in introducing the recent Vatican document, "A house is much more than a roof over one's head." It is "a place where a person creates and lives out his or her life." The right to housing is a consistent theme in our teaching and is found in the Church's *Charter of the Rights of the Family*.[3] We believe society has the responsibility to protect these rights, and the denial of housing to so many constitutes a terrible injustice.

We also bring to this discussion other important values drawn from our social teaching: principles of stewardship, participation, and a preferential option for the poor and vulnerable. *Stewardship* calls us to use the gifts of God's creation for the benefit of all and raises basic questions of equity, fairness, and justice. *Participation* suggests that we measure our progress by whether people are able to shape their own destiny and meet their own basic needs by a broader participation in economic, civic, and social life. The *preferential option* for the poor restates the biblical lesson that we shall be judged by our response to "the least among us," that the quality of justice is best measured by how the poor and most vulnerable are faring. The Church needs to share this teaching more broadly and educate about the reality of homelessness and poor housing in our midst.

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[3] Holy See, *Charter of the Rights of the Family* (Washington, D.C.: USCC Office of Publishing and Promotion Services, 1983).

These principles are not new in Catholic teaching, but they offer a sharp contrast to much of the recent discussion about housing policy. This nation appears to be walking away from its commitment, expressed in 1949, to provide a decent home for all Americans. Housing is being seriously neglected as a priority of national concern, governmental action, and federal investment. We have witnessed the increasing abandonment of the national role in housing. Federal resources for subsidized housing, for example, have dropped more than 80 percent in the last six years. In both the executive and legislative branches of government, we have lacked the consensus and commitment for constructive action.

The human and social consequences of this neglect are all around us:

- One of every four American households (almost 20 million) had a significant housing problem in 1983, according to government figures. The problems were physical inadequacy, crowding, and heavy cost burden.
- The number of families seeking emergency shelter has increased by 31 percent in the past two years.
- There are 44,000 persons on the public housing waiting list in Chicago; 60,000 in Miami; 200,000 in New York City; 23,000 in Philadelphia; and 13,000 in Washington, D.C. In many cities, the waiting lists are closed because there is no reasonable hope of obtaining housing.
- Housing costs have accelerated almost three times faster than incomes in the past fifteen years.
- In New York, 16,000 children live in shelters or "welfare" hotels.
- Homeownership in this country has declined annually since 1981, following thirty-five years of steady increase. In most cases, it takes two good salaries to purchase a home.

- In 1949, the average thirty-year-old home buyer needed to spend 14 percent of his paycheck to afford a typical home. By 1985, this figure had risen to 44 percent.
- Each year, 70,000 units of public housing are abandoned, the victims of neglect and reduced rehabilitation budgets.

- Between now and the year 2000, most of the 1.9 million publicly assisted units may be lost as subsidies or use restrictions expire.
- Half of all renter households with incomes below $7,000 a year spend at least 60 percent of their meager incomes on rent and utilities.[4]

Beyond the numbers are the human dimensions of this crisis. Many young families are being forced to double up with relatives as the price of housing is beyond their reach. Senior citizens who thought themselves secure, face dramatic rent increases that cut deeply into their pensions. In too many of our cities, we see houses without people, while we see so many people without houses. In rural areas and small towns, the housing delivery system is woefully inadequate and people struggle to provide their families with decent housing. For too many, the great American dream of a decent home has been shattered. It is slowly turning into a nightmare full of fear and frustration for too many poor and middle-income Americans. As the Vatican document on housing reminds us: "This situation is not simply a fact to which those with responsibility in the field and indeed all people are called to react. Rather, from an ethical point of view, it is a *scandal*. . . ."[5]

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[4] Based on Reports from the U.S. Department of Housing and Urban Development; the U.S. Senate Subcommittee on Housing and Urban Affairs; U.S. House of Representatives Subcommittee on Housing and Community Development; U.S. Conference of Mayors, *Recommendations for a National Housing Policy* (October 5, 1987); Philip L. Clay, *A Risk of Loss: The Endangered Future of Low-Income Rental Housing Resources* (National Reinvestment Corp., May 1987).

[5] Pontifical Commission Justitia et Pax, *What Have You Done to Your Homeless Brother? The Church and the Housing Problem* (Washington, D.C.: USCC Office of Publishing and Promotion Services, 1988), p. 12.

Future Directions

Our nation, our leaders, and our people need a new understanding of how vitally important housing is to the well-being of our families and our communities. We need a new commitment to find creative ways to work together to shelter the homeless and provide decent, affordable housing for everyone. Those who serve the homeless in our shelters tell us the numbers are growing; the pressures are increasing; our resources are being stretched to the breaking point. Our shelter activities, by themselves, are an inadequate response to the need. We fear we are developing a new and often dehumanizing way of caring for the poorest among us, a strategy of isolating homeless people in often primitive shelters.

We do not want to be misunderstood. We are very proud of our efforts to feed and shelter the poor. We are trying to ensure that no one goes without these absolute necessities. We continue to insist that government must help provide these basic necessities. Every effort must be made within existing programs to uphold and enhance the dignity of homeless persons. Yet, we cannot pretend that soup kitchens and shelters represent a truly humane and effective response to poverty and homelessness. Charitable efforts cannot substitute for public policies that offer real opportunities and dignity for the poor. Shelters cannot substitute for real housing for low-income families and poor individuals. We owe our sisters and brothers more than a cot and a blanket for the night; we owe them a chance for a better life, an opportunity to live a life of dignity in decent housing.

It is not our role or our expertise to describe the specific policies and programs to meet these needs. But we can suggest some directions and criteria for a renewed commitment to decent housing. We believe that the major goals for national housing policy should include the following:

- *Preservation*: Effective policies to help preserve, maintain, and improve what low-cost, decent housing we already have.
- *Production*: Creative, cost-effective, and flexible programs that will increase the supply of quality housing for low-income families, the elderly, and others in great need.
- *Participation*: Encouraging the active and sustained involvement and empowerment of the homeless, tenants, neighborhood residents, and housing consumers. We need to build on the American traditions of homeownership, self-help, and neighborhood participation.
- *Partnership*: Ongoing support for effective and creative partnerships among nonprofit community groups, churches, private developers, government at all levels, and financial institutions to build and preserve affordable housing.
- *Affordability*: Efforts to help families obtain decent housing at costs that do not require neglect of other basic necessities.
- *Opportunity*: Stronger efforts to combat discrimination in housing against racial and ethnic minorities, women, those with handicapping conditions, and families with children.

Conclusion

Churches, community groups, the private sector, and state and local governments must all do more to meet our common responsibilities for housing. We must recognize the homeless person as part of the human family, as part of us. However, there is no substitute for an involved, competent, and committed federal government providing resources, leadership, and direction for a broad and flexible attack on homelessness and poor housing. A recent survey makes clear that there is broad public support for such

action.[6] What is missing are leadership and commitment. We invite those who seek to lead this nation; those who represent us at all levels in government; those involved in housing construction, finance, and development; leaders of neighborhood groups, unions, businesses, and human service agencies to join with us in a determined search for how this richly blessed nation can eliminate homelessness and take concrete steps to provide decent, affordable housing for those in need. As the Pontifical Commission Justitia et Pax declared:

> Political authorities, religious leaders and, in general, public opinion all recognize that a situation in which millions of human beings lack adequate housing is a serious problem. . . . A fundamental human right is, in reality, being violated. An adequate response to such a large-scale problem calls for the shaping of a consistent political will, as well as increased awareness of the collective responsibility of all, and particularly of Christians, for the future of society.[7]

As believers, we find our reason and direction for action in the life of Jesus and the teaching of his Church. We are reminded by the gospel that the first human problem Jesus faced on earth was a lack of shelter. There was "no room in the inn" for the Holy Family in Bethlehem. Today, we see in the faces of homeless men, women, and children, the face of Christ. We know that in reaching out to them, standing with them in defending their rights, in working with them and their families for decent housing, we serve the Lord.

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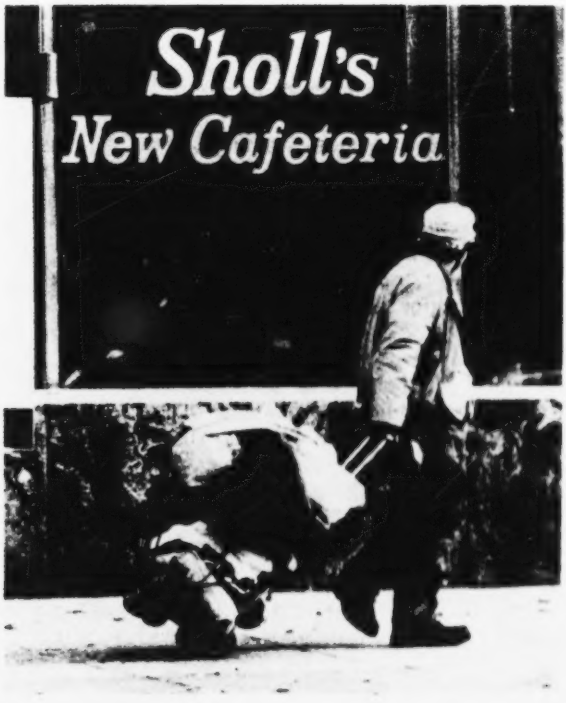
[6] Mellman and Lazarus Research, "A Survey of Attitudes toward Hunger and Homelessness in America" (Washington, D.C.: Mellman and Lazarus Research, January 1988).

[7] *What Have You Done to Your Homeless Brother?*, p. 8.

As Americans and believers, we are haunted by the tragic reality of so many without decent housing in our land. It is a sign of serious social neglect and moral failure. We ask everyone to join us in a sustained and urgent effort to find creative and effective responses to this national tragedy. A great and good nation cannot turn away as people wander our streets looking for a decent home.



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TESTIMONY BY

MOST REV. JOSEPH SULLIVAN
AUXILIARY BISHOP OF BROOKLYN

ON

HOMELESSNESS AND HOUSING

BEFORE THE

SUBCOMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

OF THE

COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS

UNITED STATES HOUSE OF REPRESENTATIVES

JUNE 15, 1988

Chairman, members of the Subcommittee:

I am Bishop Joseph Sullivan, Chairman of the Committee on Domestic Policy of the United States Catholic Conference. Thank you for this opportunity to speak about housing and homelessness. A few weeks ago the U.S. Catholic Conference statement, Homelessness and Housing: A Human Tragedy, A Moral Challenge was released. This brief statement is our attempt to call attention to both the moral and human dimensions of the housing crisis. We want to suggest some future directions for national housing policy based on our values, our service to the homeless and our experience in housing, as pastors, and as administrators.

For decades, the Catholic Church in America has been an advocate for a more effective national housing policy. Many Catholic and other religious groups have addressed this issue with urgency and wisdom, including Catholic Charities and the Campaign for Human Development. Recently the Vatican, on the occasion of the international year of shelter for the homeless released a powerful document "What Have You Done to Your Homeless Brothers?" which examines the world-wide dimensions of the problem. It shares the teaching of the Church, and calls for public attention to provide decent, adequate housing, especially for the poor and vulnerable. This concern for shelter is not new for us, and it is not ours alone. We have been before this committee on other occasions and we commend your leadership in trying to keep before the Congress and Executive branch the needs of those without decent housing.

In preparing our statement we heard from people working in our dioceses and parishes across this country in programs similar to those you will hear about today. They shared their experiences with the problems of homelessness and poor housing which are destroying lives, undermining families, hurting communities and weakening the social fabric of our nation. Parish and diocesan workers are on the frontline, so to speak, as homeless people and those without adequate housing frequently turn to the Church for

help. We see their suffering, we feel their pain. In unprecedented fashion, in many different ways, the Church across this country is reaching out to provide shelter and housing to tens of thousands of men, women, and children. Dioceses, Catholic Charities, parishes, religious orders and local self-help groups assisted by the Church through the Campaign for Human Development provide shelter and build, maintain and improve affordable housing units for the poor and powerless. The Church is deeply involved in housing. But we know our efforts cannot, and should not, substitute for effective and just public policies to deal with the crisis of homelessness and the urgent, desperate need for decent housing in our communities and country.

Catholic Social Teaching

We bring more to the national discussion than our experience in providing housing or sheltering the homeless. We bring our faith and our values. The Church traditionally has viewed housing not as a commodity, but as a basic human right -- one that flows from the dignity of the human person. We believe society must protect the life and dignity of the person by providing the conditions where human life and human dignity are enhanced, not destroyed. As Pope John Paul II said in introducing the recent Vatican document, "A house is much more than a roof over one's head." It is "a place where a person creates and lives out his or her life." Decent housing is one of the most basic human rights which we believe society has a responsibility to protect. The denial of housing to so many in our country constitutes as terrible injustice. As we say in the statement: "As Americans and believers, we are haunted by the tragic reality of so many without decent housing in our land. It is a sign of serious social neglect and moral failure."

We bring other important values drawn from our teaching that can help shape the nation. These principles of stewardship, participation, and a preferential option for the poor are articulated at some length in our statement and our recent pastoral letter on the economy. The principle of Stewardship calls us to use the blessing of this nation for

the benefit of all; raising basic questions of equity, fairness, and justice about how housing policies are shaped. Participation suggests that we measure our progress by whether people are really able to shape their own destiny, to meet their own basic needs by participation in the economic and civic life of the community. Preferential option for the poor really restates the biblical lesson that we shall be judged by our our treatment of "the least among us." The quality of justice is best measured by how the poor and most vulnerable of society are treated. By this standard, we are failing, and failing badly, in the area of housing.

Conclusion

The principles and values I share today are not new for us or for you. But they differ profoundly from the current policy and practice of our government. As a nation we appear to be walking away from the commitment expressed in 1949 and reaffirmed in 1968, to provide a decent home for all Americans. Housing is being seriously neglected as a national priority. Since 1981 federal resources for subsidized housing have dropped more than 80%. According to the U.S. Conference of Mayors, 70,000 units of public housing are abandoned each year, the victims of neglect and reduced budgets. As Americans, we are haunted by the tragic reality of so many without decent housing in our rich land. In my own city of New York, 16,000 children live in shelters or welfare hotels. The lack of federal investment has left waiting lists for public housing so long in many cities that they have been closed because there is no reasonable hope of obtaining an apartment These conditions can and must change. Local and state governments have tried to fill the gap left by the federal government's abandonment of its role in assuring the availablity of housing, but these local resources are limited and often over-extented.

Our message in its briefest form is this:

-- The housing crisis is getting worse, not better. More and more people, especially families with children, are homeless.

-- The private voluntary sector, especially the religious, is doing its part. But our resources are being stretched to the breaking point. We can be partners, but we cannot do it all.

-- We cannot deal with homelessness without confronting the housing crisis and economic difficulties which create and sustain it.

-- Shelters are no substitute for real permanent and affordable housing.

-- Put the needs of poor first. They might not have the greatest clout, but they do have the greatest needs.

-- There is no substitute for creative, effective and sustained federal commitment to housing. But without federal leadership, resources and flexibility, the problems will only get worse.

We ask that the committee take the lead in a sustained and urgent effort to find creative and effective responses to this national tragedy. A great nation, a good nation cannot turn away as its people wander the streets looking for a decent home.

At this time I'd like to introduce to you the other panelists:

Sr. Nancy Conley RSM. Sr. Nancy runs a shelter for homeless pregnant women here in Washington D.C. called Mt. Carmel Place which is supported by Catholic Charitities.

Ms. Denise Thomas. Ms. Thomas was a resident of Mt. Carmel House and is now seeking permanent housing for her family.

Fr Al LoPinto. Fr. LoPinto is director of the Campaign for Human Development, a USCC organization which provides funding for low-income neighborborhood groups working in housing and community development.

Mr. Joseph Errigo. Mr. Errigo is the president of the Community Development Corporation for the Archdiocese of St. Paul and Minneapolis which is a fine example of a non-profit organization that provides housing for low-income families, seniors, and handicapped persons.

Bishop James Malone. Bishop Malone, past president of the National Conference of Catholic Bishops, will offer some comments on the public policy issues growing out of the immense problems in housing.

Good afternoon. My name is Nancy Conley. I am a Sister of Mercy from Providence, Rhode Island, and am currently the Director of a shelter for pregnant homeless women. My involvement with the homeless began in 1981. I have directed an emergency shelter for single women as well as a transitional shelter.

Let me share with you my observations over seven years. It seems to me in our effort to shelter the homeless we have created a new kind of housing -- shelter housing. Individuals and families remain mired in the shelter system because it is virtually impossible to find affordable dignified housing. One woman once said to me, "It is like being caught in quicksand." The hopelessness is pervasive. Frustration is high -- energy beyond that necessary for survival is low.

Over the years I have observed a dramatic increase in the numbers of homeless individuals and families and an equally dramatic decrease in the availability of affordable housing. Since 1981 the federal budget for housing has decreased from $32 billion dollars to $9 billion in 1988.

Poor people and those on fixed incomes are faced with a dilemma! Do I eat and feed my family or house them? Do I buy clothing or pay the rent? Do I attend to health needs or set aside lunch money for my children? Most poor people pay at least 50% of their income on housing.

According to the Campaign to End Hunger and Homelessness, in 1983 5.4 million renter households or 18% of all renters paid 60% of their income for rent. 95% of these families had incomes below $15,000 per year. By contrast 2/3 of rental households with incomes of more than $35,000 paid less than 15% of their income for rent. In other words, the less you earn the more of it you pay for housing. In other words, the gap between the haves and have-nots increases.

Little wonder then that many working people are forced to live in shelters and this diversifies the shelter population further. Whereas seven years ago shelters served

marginated people, today they might well be the home of the person who serves up your lunch at McDonald's or the home of the man who repairs your TV or the home of the teenager you meet at the bus stop.

What needs to change?

We do! Selfishness needs to be replaced with selflessness and generosity. Charity (giving of our surplus) needs to be replaced by justice (giving of our substance). Individualism needs to be replaced with corporateness. Independence needs to be replaced by interdependence. After all, are we not all members of the same human family?

What needs to change?

Funds need to be appropriated for the Stewart B. McKinney Homeless Assistance Act so that solutions incorporated in it might be actualized.

What needs to change?

Public housing units in disrepair must be renovated to reduce waiting lists. In the District the waiting list is in the thousands.

What needs to change?

The federal government must commit to provide rental subsidies for all who are eligible. Here in the District the Tenants Assistance Program has 11,000 on a waiting list. Denise, who follows me with her testimony, will share her experience with TAP.

What needs to change?

The federal government must provide the resources to expand the supply of housing targeted to low and moderate income people, especially families with children. Rent subsidies alone will not solve the problem if the supply of housing available to low income families is not expanded. These housing units should be scattered throughout the community so that we don't again segregate the poor.

Here in the District, in 1984, through Initiative 17, voters approved a massive thrust to provide shelter for everyone. But purely local efforts are not enough to substitute for federal resources. In 1988 might there be a massive thrust to guarantee that all in our country -- the richest country in the world -- will have the right to decent housing?

PRESENTATION TO HOUSING AND COMMUNITY DEVELOPMENT SUB-COMMITTEE-HOUSE BANKING, FINANCE AND URBAN AFFAIRS COMMITTEE

JUNE 15, 1988 **WASHINGTON, D.C.**

Joseph Errigo, President, Community Development Corporation Archdiocese of Saint Paul and Minneapolis (612)291-1750

The Archdiocese of Saint Paul and Minneapolis has been committed to affordable housing for the poor since 1968. Our initial efforts were a response to the urban unrest of the late 60's. The program has grown dramatically, but it is still based in our commitment to social justice.

The Archdiocese housing program is now planned and implemented by a non-profit organization known as Community Development Corporation (CDC). I am President of the Board and Chief Executive Officer for CDC, and serve in those same roles for CDC's wholly-owned management subsidiary, Westminster Corporation.

The Archdiocese, through CDC, is now a major player in the struggle for affordable housing in the 12-County area of the Twin Cities and throughout the State of Minnesota. We want to continue in that role, but we need your help and that of other partners, both public and private.

CDC now operates over 2,300 affordable housing units at 40 locations in 18 Minnesota communities. We are sponsor and developer of about three-quarters of these units. The rest are owned by other non-profit or for-profit developers who come to us for professional and people-oriented services in property management, human service coordination, and resident education.

In a way, we are the equivalent of a medium size housing and redevelopment authority, and some have compared us to private developers and real estate management companies. But in many subtle and not-so-subtle ways we are very different from public agencies and for-profit businesses. We have a high level credibility throughout the industry, from neighborhood groups to the regional banks. We are well regarded by the public sector and certainly more community-based than any public agency or private company could hope to be.

We are an effective partner and a true catalyst in the delivery system for public and private housing subsidies. I often say that if a subsidy for affordable housing was invented in the last twenty years, we used it in one way or the other. But we bring some things to the housing process that cannot be brought to the process by the public sector or the private for-profit sector acting alone. I want to emphasize here that we are not necessarily an alternative, but rather an effective partner with both public and private investors.

Sometimes we are accused of committing the worst sin of all - competing with the private sector. We like to think that we are not really competing, but simply filling the gaps that private developers and management companies cannot fill. We are showing the way, and over time it works! Our people oriented approach does get noticed and the system changes to better serve people's needs.

The bottom line of this discussion is that we are an effective intermediary, and this is a role that the Church has played in affordable housing since the late 60's when non-profit programs got started. These programs and non-profit organizations have produced thousands of housing units, and they continue to serve as models throughout the nation. We want to help strengthen this system of intermediaries.

We do have what many in government or the private sector would consider an unfair advantage in this housing business; the Archdiocese has an office in every neighborhood - the parish - and these parishes consist of networks of people who have been mobilized to join the struggle for affordable housing. We have this incredible resource, networks of people, church-owned land and buildings, and a motivation to serve that cannot be duplicated by other housing producers.

I would like to give you some examples of the kind of work we have done and will continue to do if the Federal government can get back on the playing field with us.

As a housing producer we work with neighborhood groups, churches of all denominations, community institutions, and cities to sponsor and develop affordable housing. We try to use government subsidy funds to the extent they are available, and if they are not we try to invent something to take their place (and that is increasingly difficult). Most importantly, we take risks that no one else is willing or able to take, like developing a limited equity cooperative in one of St. Paul's inner-city neighborhoods.

CDC also serves as a consultant to neighborhood groups for development or management of inner-city housing. This helps build the credibility and technical expertise of grassroots organizations, which are an important part of the housing and neighborhood process.

CDC's wholly-owned subsidiary, Westminster Corporation, is a community leader in quality property management services for low income housing. Our services are in great demand. We have doubled in size every five years since we started managing housing almost 15 years ago. We specialize in tackling the difficult assignments: large inner-city projects, small scale "in-fill" development, and housing for people with special needs.

As a coordinator or broker of community support services we try to get local service agencies or informal networks of providers, like parishes, to help with the "software" of housing -- the services that people need to live independently and participate effectively in their housing environment.

In recent years we have taken a leadership role in the preservation of affordable housing. In 1981, the Federal government asked us to take over the management of a troubled subsidized housing development in St. Paul's Hispanic community. We set up a sound management system, but also restructured the ownership of the development so that we could assure effective resident and community participation in the process. We are now starting a major physical rehabilitation program using HUD's Flexible Subsidy Program, local city funds, and tax credit investments.

In December of 1983, we became the court appointed receiver at a large Indian-sponsored development in South Minneapolis. It has been a struggle to make this housing a decent place to live, not because of differences with the American Indian community, which is very pleased with our efforts, but because of struggles with the Federal government. HUD has made it very difficult to rehabilitate and reorganize this housing for long-term success. We are now at a point where that reorganization can work and sincerely hope that HUD will cooperate. We have shown that this kind of turnaround can work and we want to make it a reality in this Indian community.

Just last year, we intervened in a process that will almost certainly be a model for the future: a private owner of subsidized family housing in one of Minneapolis' wealthiest suburbs wanted to sell out because of the 1986 Tax Reform. If he was successful at selling, it would have meant the loss of 90 family townhouse units, all assisted with Section 8 rent subsidies. CDC purchased this development with financial assistance from the Minnesota Housing Finance Agency, and as a result we will be able to preserve Section 8 subsidies for the next 30 years. No private developer could do that (stay in for the long haul), but that is <u>just</u> what we want to do.

Community Development Corporation is now embarking on an ambitious effort to raise over $3.5 million to meet our affordable housing goals. That money will leverage over $53

million in equity and long-term financing from public and private sources. We sincerely hope that one of those sources will be the Federal government. One of our key strategies is to establish a Housing Trust Fund that can attract individual and institutional deposits and be a source of long-term financing for affordable housing. It will be a very specialized regional bank, set up only to finance affordable housing. We are certainly willing to be a demonstration model for this type of creative financing.

Federal rent subsidies now account for about two-thirds of the rent in housing we operate. That housing simply would not exist if it were not for the Federal subsidies that have been available in past years. This type of Federal support needs to continue if we are to produce new affordable housing and preserve existing subsidized housing.

On behalf of the Board of Directors of Community Development Corporation, Archbishop John Roach, and people of all faiths in the Twin Cities and Minnesota, I ask you to give every consideration to the critical long-term housing needs of the poor and to the important role that non-profit organizations like CDC can play to finance, develop, operate, and preserve affordable housing.

Thank you.

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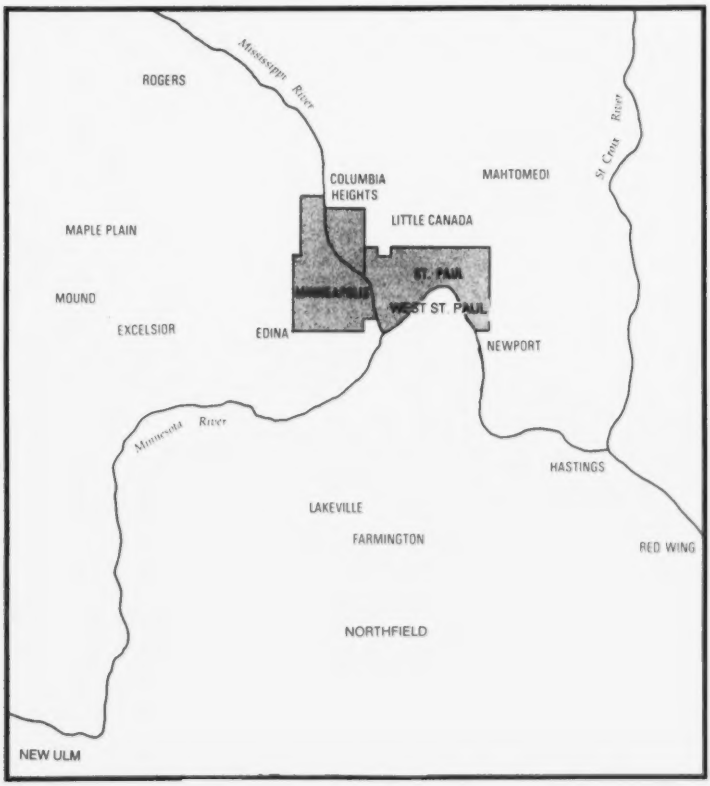
COMMUNITY DEVELOPMENT CORPORATION
for the Archdiocese of St. Paul and Minneapolis

1987 ANNUAL REPORT

EIGHTEEN MINNESOTA COMMUNITIES SERVED BY COMMUNITY DEVELOPMENT CORPORATION



The Community Development Corporation (CDC) is a non-profit organization established in 1974 by the Archdiocese of St. Paul and Minneapolis to provide decent housing for lower-income families, seniors, and handicapped persons who can live independently. CDC's commitment to this aim includes the development, marketing, management, and community support services coordination for affordable housing throughout the twelve-county area of the Archdiocese.

Through partnerships with local parishes and other public and private organizations, CDC has grown steadily as a creator of innovative housing. In its relatively brief history, CDC has sponsored nearly 1600 housing units in inner-city and suburban neighborhoods, as well as out-state communities.

CDC now manages over 2200 units at 35 locations through Westminster Corporation, CDC's wholly-owned management and development subsidiary. In addition to CDC-sponsored housing, Westminster also manages housing developed for the target population by other non-profit and for-profit organizations.

CDC's mission goes beyond merely providing well-maintained buildings. A professional yet caring management staff at each location fosters a community attitude among residents. Residents are involved in decision-making, in social and recreational activities coordinated by CDC's Community Services division, and ultimately, in the success of each location. By working closely with the people it serves, CDC ensures a responsive approach to changing needs.

Above, Pleasant Place Open House

The need for affordable housing continues to grow at an alarming rate. Families with children are now a part of the homeless populations in our cities; lower-income people find it virtually impossible to keep up with higher rents in the marketplace. Recent changes in tax laws and further cuts in other forms of public support for housing have created new challenges for people who need housing, as well as for organizations, like CDC, which are committed to fulfilling this need.

CDC was successful in meeting this challenge in 1987. New housing for elderly people was opened in the City of Edina, with churches of many denominations joining CDC as co-sponsors. In St. Paul, new residents moved into Ramsey Commons, housing designed with and for marginally-retarded adults. We broke ground for a new facility in West St. Paul. Our management services increased by over 30% this past year, and additional carefully-planned growth is on the horizon. While human service needs of residents continue to expand, CDC's Community Services staff now coordinates programs and activities at 19 locations. In January, CDC purchased a 90-unit family development to achieve a goal not being addressed by the previous owner: preservation of increasingly scarce rent subsidies for the low-income residents.

Our success is built on partnerships with others. We place high priority on active community participation in all aspects of our work. As of 1987, CDC had established 24 community-based non-profit organizations that have been active in local housing programs since the initial planning stage. Long-term affordability is another critical objective that requires partnerships with many public and private organizations, including the Archdiocese. We are very grateful for the continuing support and participation of these groups. Finally, we are reminded constantly that housing is much more than bricks and mortar, and that our community services coordination is an essential part of the development and management process. We recognize the need to build new partnerships so that CDC may continue to address the growing human service needs of residents.

We know there are more challenges ahead. The CDC Board of Directors has reviewed and revised our Strategic Plan to assure continuing leadership in the struggle for affordable housing.

Joseph Errigo, President

Physical and social environment play an important role in forming people's lives. A very basic need for a self-respecting life is decent affordable housing. For many in our society, meeting that need is an impossibility without help from an outside source.

Since 1974, the Community Development Corportion has been such a source, developing housing and providing responsible housing management. CDC has steadily increased in sophistication so that today its response to those with special housing needs is a versatile and complete housing service which includes: development planning; sensitive, people-oriented management; and community support services. Their work is tangible proof that communities do care for their citizens, and that charitable work is not obsolete.

I am proud of CDC's diverse ecumenical ventures. I hope that in spite of fluctuating economic conditions and competing community growth needs, the Corporation will not waiver in its search for creative ways to address our Christian concern for suitable, affordable housing for the residents of the Archdiocese.

Archbishop John Roach

Congratulations to CDC and to its partners in private and public business for sixteen accomplished years of providing decent housing to disadvantaged persons in the Archdiocese.

Under the leadership and expertise of a dedicated staff, CDC continues to expand its influence and physical presence in an increasing number of communities. This year alone brought new development in Edina and St. Paul's Selby-Dale neighborhood, and several new management opportunities in Minneapolis and St. Paul. Nearly halfway into the company's Five-Year Strategic Plan, I am happy to report that CDC is keeping abreast of the growth schedule projected in 1985.

CDC's newly-expanded Board of Directors' committees guide the four corporate divisions: administration, development, management, and community services. This committee structure draws on the knowledge of representatives from relevant businesses to more efficiently address corporate needs and direction.

CDC is an innovative company, and I believe that in the coming year and beyond, it will maintain high standards for affordable housing while extending its involvement to other needy communities.

Sr. Ruth Roland, Chairperson
Board of Directors

BOARD OF DIRECTORS

Above	Fr. Austin Ward	Archdiocese of St. Paul and Mpls.
Executive Committee (l-r)	Member at Large	
	Sr. Ruth Roland Chairperson	Catholic Eldercare, Inc.
	T. Jerome Halloran Vice Chairperson; Acting Secretary-Treas.	Doherty, Rumble & Butler, Attys.
	Joseph Errigo President	Community Development Corporation
(not pictured)	John Maney Member at Large	Northco Corporation
Top Left	Terrence Troy	Real Estate Equities
	Mary Louise Klas	U.S. District Court, St. Paul
	John Maney	Northco Corporation
Lower Left	David Hozza	The Hozza Associates, Inc.
	Gayle Kvenvold	MN Association of Homes for the Aging
Top Right	Lyn Burton	Meritor Mortgage Company
	Fr. Jerome O'Leary	College of St. Thomas
Lower Right	Mary Stuber	MN Housing Finance Agency
	Mary Ann Sudeith	First Bank — Minneapolis
(not pictured)	Doisey Landry	First Bank — St. Paul

FORMER MEMBERS OF BOARD OF DIRECTORS

Mary Lou Grahek	1974-79	Esperanza Ceniceros	1981-83
Frank Mullaney	1974-78	Peter Butler	1978-84
Michael Fetch	1974-77	Francis Ivory	1984
James Emmer	1974-78	Thomas Baker	1978-85
Richard Flesher	1974-79	Thomas Rocheford	1978-85
Sr. Theresa Kelly	1978-80	Allene Burnette	1983-85
Robert Regan	1978-80	Tod O'Connell	1979-85
Robert Kleinman	1978-81	Richard Mangram	1981-86
Nancy Latimer	1979-82	David Thies	1983-86
Ruth Johnson	1980-83	Patricia Cassidy	1978-87

BOARD OF DIRECTORS COMMITTEE MEMBERSHIP

Personnel Committee	Mary Ann Sudeith *Chairperson*	Board of Directors
	John Soll	Soll & Associates
	Fr. Austin Ward	Board of Directors
	Peg Kenny	Staff
Development/ Finance Committee	Lyn Burton *Chairperson*	Board of Directors
	Roger Katzenmaier	Wilkerson, Guthmann & Johnson
	John Maney	Board of Directors
	Muffie Gabler	Staff
Management Committee	David Thies *Chairperson*	Thies & Talle
	Al Clasemen	Clasemen Realty
	John Horner	MN Multihousing Assoc.
	Douglas Strandness	Staff
Community Services Committee	Mary Stuber *Chairperson*	Board of Directors
	Gayle Kvenvold	Board of Directors
	Richard McCarthy	Merrick Community Services
	Karen Webster	Staff
Nominating Committee	Mary Louise Klas *Chairperson*	Board of Directors
	Gayle Kvenvold	Board of Directors
	Rev. Michael O'Connell	Archdiocese of St. Paul and Minneapolis
Training Task Force	Anne Graves *Chairperson*	College of St. Thomas
	Peg Kenny	Staff
	Dorothy Johnson	Staff

Board of Directors Annual Meeting

IN MEMORY OF
PATRICIA QUINN CASSIDY

Pat Cassidy, Secretary-Treasurer of the Community Development Corportion Board of Directors, died in March 1987 after a long struggle with bone cancer.

Pat was a member of the CDC and Westminster Corporation Boards from 1978 to 1987. Her inspiration and guidance have helped CDC respond to its conviction that decent housing is a basic human right.

Pat was devoted to the City of Red Wing. She lived there her entire life; was baptized, married and mourned in the same parish. Her interest in the people of the community led her to a counseling career with the Zumbro Valley Mental Health Clinic.

As a true community leader, Pat guided the development of Maple Hills Apartments in Red Wing, the first housing sponsored and developed by this Archdiocese. She served on the Maple Hills Board of Directors from 1972 to 1975. Maple Hills Apartments will be dedicated to Patricia Quinn Cassidy at its 15th anniversary celebration in the fall of 1987.

ADMINISTRATION

Community Development Corporation is a professional organization built around a human need. Although business objectives and human service goals typically do not compliment each other, the Administration division of CDC seeks to balance the two and distribute company resources to benefit both. The Administrative division coordinates office support staff, personnel activities, long and short-range growth plans, and the overall budget for CDC and Westminster Corporation.

PARENT COMPANY AND SUBSIDIARY CDC offers a range of housing development and management services in cooperation with its wholly-owned subsidiary Westminster Corporation. As the parent company, CDC oversees operations and coordinates support services for residents. Westminster Corporation assumes control of the housing development process, coordinates marketing efforts, and provides responsible management of the buildings it supervises.

STAFF DEVELOPMENT AND TRAINING Employees are CDC's most valued resource. Staff development is an on-going part of CDC operations, aimed to design training for job-related skills and to cultivate an understanding of CDC's target population and corporate goals. Expanded internship and volunteer opportunities enable staff to cover needs more efficiently.

STRATEGIC PLAN CDC's Five-Year Strategic Plan, approved in 1985, enumerates goals and defines a working strategy to provide and preserve well-managed, affordable housing for low and moderate-income people. Specific strategies include expanding the target population and introducing support services to more building communities. The Plan includes seeking alternative funding sources to preserve the quality of existing housing and fill subsidy gaps left by shifting government funds. Actual growth during the past two years in both development and management is within the range of the 1985 expansion proposals.

Top left, St. Paul Office
Top right, Pleasant Place Open House
Lower left, St. Paul Office "Brown Bag" Seminar
Lower right, Mt. Carmel Manor Groundbreaking
Above, Ramsey Commons

DEVELOPMENT

Community Development Corporation is recognized for its strength in organizing and coordinating all aspects of a housing program. As the name suggests, development is the initial and crucial step in moving a proposed project forward.

BROADER SCOPE OF DEVELOPMENT CDC has entered a new era of housing development. In the past a comprehensive process included assessing community needs, securing funds, selecting sites, acquiring city approvals, and planning and building a new construction project. Today new construction is just one part of CDC's development work. CDC staff has expertise in other aspects of development — rehabilitation, acquisition, and marketing — which allows the company to step in during any phase of the development process. In a unique agreement, Westminster Corporation is the Court-appointed receiver and coordinator of the on-going building rehabilitation at Little Earth of United Tribes in Minneapolis. The purchase of Yorkdale Townhomes in Edina in early 1987 marks the first direct acquisition and ownership for CDC. A coalition of churches in the City of Maplewood has selected Westminster Corporation to provide marketing services for a new elderly housing facility in that community. And the Whittier Alliance, a community organization in South Minneapolis, has selected Westminster Corporation to provide development consultation services for a multi-site rehabilitation program.

EXPANSION THROUGH INNOVATION In a time of growing housing needs but declining public support, CDC adapts to the changes and seeks financing and other critical resources from a wide spectrum of organizations. Today funding comes from cities, local churches, corporations, foundations, and community groups in the form of grants, equity financing, seed funds, capital funds, land write-downs, and donated property. The company continues to plan construction and rehabilitation programs with available government mortgages and subsidy programs, supplemented by financing and other support from private sources.

Left & Above: Mt. Carmel Manor Groundbreaking

2550

DEVELOPMENT

NEW LOCATIONS IN 1987 Ramsey Commons, located in St. Paul's Summit-University neighborhood, opened its doors in May 1987 to 16 marginally-retarded adults. Principal financing was provided by a Federal mortgage; supplementary funds were obtained from the Minneapolis-St. Paul Family Housing Fund, the City of St. Paul, Deluxe Check Printers Foundation, Northern States Power Co., Land O'Lakes Inc., Gamble-Skogmo Foundation, and H.B. Fuller Co. In a location convenient to transportation and employment, CDC has developed modern, accessible homes for people with special needs. With a professional management staff and strong community services network, Ramsey Commons residents have the tools to help themselves live independently.

In March CDC opened its second elderly housing facility in the City of Edina, the 29-unit Summit Point Apartments. Nine Edina-area churches joined CDC as co-sponsors, and contributed signficant amounts of time, expertise, and money to make this housing a reality.

Groundbreaking for Mount Carmel Manor in West St. Paul, a 60-unit complex for elderly and handicapped persons, took place in August 1987. Mount Carmel Manor is CDC's first venture in that community and exemplifies the company's continual expansion to serve persons in need. The City of West St.Paul, Dakota County, and Catholic Services for the Elderly have helped make this housing available, along with a mortgage and subsidy commitment from the Federal Department of Housing and Urban Development.

The acquisition of the 90-unit Yorkdale Townhomes in January was CDC's first direct purchase of an existing housing development. CDC's involvement assures the preservation of that housing and scarce rent subsidies for the next 30 years. Non-profit ownership may become an important strategy for long-term preservation of some existing publicly-assisted housing.

Little Earth of United Tribes Building Rehabilitation
Above: Ramsey Commons Groundbreaking

MANAGEMENT

Westminster Corporation, CDC's wholly-owned business subsidiary, was established in 1976 to assure quality management and resident support service in light of CDC's social mission.

SPECIALIZED SERVICES FOR DIVERSE POPULATIONS Property management by Westminster Corporation continues to provide the basic package of services necessary to assure fiscal and physical stability. These include: financial planning, accounting, regular and preventive maintenance, coordinating site operating budgets, and assuring state and federal occupancy standards.

In addition, Westminster has developed specialized services to meet the diverse needs of families, senior citizens, and handicapped persons. Examples of customized program services include:

- Offering design consultation
- Overseeing major building improvements and rehabilitation
- Guiding resident-management relations
- Promoting resident and owner involvement in determining management policies
- Organizing liaisons with public agencies
- Developing education and training programs for staff and residents
- Locating community services providers

Westminster Corporation manages over 2200 units of apartments and townhomes at 35 site locations ranging in size from eight units to over 200 units. Forms of ownership include owner-cooperatives, private limited partnerships and non-profit corporations. Recognizing the unique requirements of different resident groups and different neighborhoods, Westminster tailors its professional management program to meet local needs.

Greenvale Residents Picnic
Above: Staff Training Seminar, Normandale C.C.

MANAGEMENT

DEMAND FOR QUALITY MANAGEMENT SERVICES Westminster originally managed only facilities sponsored and developed by CDC. However, the organization has become widely recognized for its sensitive and financially-sound management services. Consequently, Westminster has contracted with other non-profit and for-profit organizations to manage facilities which serve our target population.

CDC's expanding portfolio results in corresponding staff growth for Westminster Corporation. To assure responsive management in a setting of constant growth, site responsibilities have been examined and consolidated. On-going training for site staff develops skills in resident relations as well as maintenance and management proficiency.

MEETING HUMAN NEEDS AT NEW LOCATIONS IN 1987 During 1987, Westminster added management services for more than 500 units throughout the metropolitan area, to assist over 300 new families and 60 single or handicapped adults. An additional group of 150 elderly persons have benefited from Westminster's efforts to meet their special affordability, design and service needs.

In June 1987 Westminster Corporation began managing the first of five refurbished buildings at Slater Square in Minneapolis; a broad coalition of support has made this unique program a reality. As the city's first new single room occupancy (SRO) building, Slater Square offers 44 studio rooms to single adults. Upon completion, the remaining buildings will serve 100 inner-city families. Slater Square was named in memory of Sr. Jacqueline Slater, a former Minneapolis council person and CDC staff member.

Top left: Torre de San Miguel
Top right: Centre Place Bingo Night
Lower left: Slater Square Grand Opening
Lower right: Selby-Dale Coop
Above: Heights Manor Pot & Ice Cream Social

COMMUNITY SERVICES

CDC serves families and individuals who can live independently but who need rent subsidies to afford housing in a stable neighborhood. Priority is given to those families and individuals who need special building design or support services. CDC's Community Services division now meets the needs of nearly 2,000 persons at housing managed by Westminster Corporation.

ACCESS EXISTING LOCAL SERVICES The primary role of CDC's Community Services Division is not to plan and deliver new services, but to become aware of existing services offered by local public, volunteer and church organizations, and to make those services available to residents. Essentially it is a coordination and information service. CDC surveys residents of each building annually to discern current support needs. Contracts are then made between local service agencies and specific buildings in accordance with each group's interests and needs.

INDEPENDENT LIVING Respecting the dignity of people, CDC seeks to optimize opportunities to live fully and independently. Independence takes on different meanings for the different groups of people CDC serves. For seniors and handicapped people, independence is to live responsibly in CDC-sponsored housing for as long as possible, and to avoid nursing homes and similar dependent-care facilities. Varying with resident needs, services available to elderly residents might include weekly transportation to shopping centers, a visiting podiatrist, or modified exercise classes. Inversely, independence for younger families may mean a shorter stay in subsidized housing. CDC encourages movement toward true financial independence by assisting with needed training and support. At family sites, CDC coordinates career development and money management seminars, parenting support groups, and youth programs.

East Mesa Park Shopping Exp.
Mercy Terrace de San Miguel Youth Program

COMMUNITY SERVICES

INCREASING NEED FOR SERVICE COORDINATION Additional support services and the resources to fund them are needed to meet an escalating demand. CDC is rapidly expanding its service arm to identify new local providers and secure funding and other resources for priority programs. CDC staff, student interns, and volunteers are working to expand program services in the following areas:

- Organize leadership training for resident leaders and resident board members
- Provide resource guides which list services available to residents and their families
- Serve as a broker to access existing community support services for residents
- Design new programs with community leaders where necessary
- Coordinate volunteers for on-site programs to encourage good health and independent living within the building community
- Offer consultation for resident leaders regarding specific programs or general organization
- Train site management staff in developing access to available community support services

RESIDENT INVOLVEMENT Residents of CDC-sponsored housing have many opportunities to be active in resident associations and owners' Boards of Directors. The Community Services division offers leadership training to develop individual and group potential and to support self-determination among residents.

Annual Community Services plans are developed through needs assessment and staff and resident evaluation of current activities and programs. An individualized support services plan for the residents at each location is approved by its Board of Directors.

Top left & right: Red Rock Manor Volunteers Park
Lower left: Heights Manor Visiting Milkman
Lower right: Heights Manor Pie and Ice Cream Social
Above: Ramsey Commons Residents Meeting

PROPERTY	NUMBER OF UNITS	POPULATION	CDC ROLE			
			Development	Marketing	Management	Community Services
St. Paul Marshall Avenue Townhomes 708-730 Marshall Avenue 772-3123	12	Family Handicapped			•	
Phalen Shores 985 East Ivy Avenue 771-6201	53	Elderly Handicapped			•	
Ramsey Commons 643-677 Dayton Avenue 227-5121	16	Special Needs	•	•	•	•
Selby-Dale Cooperative 671-8 Selby Avenue 227-5121	74	Family Handicapped	•	•	•	
Torre de San Miguel 84 Wood Street #C 224-5839	142	Family	•		•	•
Vista Village 422 Concord Street 221-0384	48	Elderly Family	•	•	•	•
Westminster Place 1142 Westminster Street 772-3123	100	Family Handicapped	•		•	•

STAFF	COMMUNITY SERVICES RESOURCES	OWNERSHIP OR BOARD OF DIRECTORS
Cindy Chenoweth, Mgr. Caesar Romero, Maint. Isiah Powell, Maint.		The Marshall Partnership Adolphus Gaddy (Managing Partner)
Laura Sheak, Mgr. Ken Thompson, Maint.		Brighton Dev. Corp. (General Partner)
Debra Beckman, Mgr.	Ramsey County Human Services On Our Own	Mary Heinze Dorsey Landry Mary Stuber
Debra Beckman, Mgr. Isiah Powell, Maint. Thomas Berg		Angela Chicoine Janean Clomon William Dennis Elijah Muhammad Deborah Ohaeri Stephen Quackenbush Belinda Williams
Grace Sanchez, Manager Marlene Lowen, Office Adm. Sylvia Elrod, Comm. Serv. Stephen Rattle, Maint. Jose Soto, Maint. Herbert Lowen, Maint. Eusebio Cura Reyna Trinh Tranberg	Neighborhood House Catholic Youth Center	Dorothy Bolander Alex Edmund DaHinten Joseph Errigo Lisa Gonzalez Rochelle Jones Donald Luna Sally Nehmer Connie Reyes Frank Rodriguez Sylvia Sanchez Patricia Tatum
Grace Sanchez, Manager Herbert Lowen, Maint. Marlene Lowen, Office Adm. John Kingbird, Maint.	STAFF Builders	Minnie Cardenas Sesario Hernandez Evelyn Hinze Lennaea Luera Margarita Romo Jose Santos Megan Silva Dorothy Thelen Delia Van Horn
Cindy Chenoweth, Mgr. Caesar Romero, Maint. Rodney Ferrozzo, Maint.	Catholic Charities Seton Center CHART Crime Watch — District 5	Westminster Corp. (General Partner)

PROPERTY	NUMBER OF UNITS	POPULATION	CDC ROLE			
			Development	Marketing	Management	Community Services
Minneapolis						
Centre Place 515 E. Grant Street 371-9319	85	Elderly		•	•	
18th & Clinton 125-133 E. 18th Street 1807-1811 Clinton Avenue 338-3106	8	Family		•	•	
Elliot Park Apts. 1516 Elliot Avenue S. 338-3106	30	Family Handicapped		•	•	
Kosciolek House 2001 S. 9th Street 338-3106	11	Special Needs	•	•	•	
Little Earth of United Tribes 2501 Cedar Avenue S. 729-9361	212	Family	•		•	
Riverbluff Coop 2020 S. 1st Street 333-3826	30	Family Handicapped			•	
St. Anthony Gates 215 N.E. 7th Street 623-3153	32	Family Handicapped		•	•	
St. Anthony Place 215 N.E. 5th Street 623-3153	21	Family			•	
Slater Square 1400 Portland Avenue S. 332-1708	163	Family Special Needs		•	•	
Union Homes Coop Cedar-Riverside Neighborhood 333-9164	18	Family			•	
West Bank Homes Cedar-Riverside Neighborhood 333-9164	65	Family Handicapped		•	•	

STAFF	COMMUNITY SERVICES RESOURCES	OWNERSHIP OR BOARD OF DIRECTORS
Debbie Jacobson, Mgr. Harold Mark Thomas Hegmann		Brighton Development Corp. (General Partner)
Robert McClain, Mgr. Alberto Perez, Maint.		M-2 Shelter Corp. (General Partner)
Robert McClain, Mgr. Alberto Perez, Maint.		Brighton Development (General Partner)
Robert McClain, Mgr. Steve Kutz		Deb Claflin John Coskran Gregory Fisher Marge Huben Edward Kodet Frank Lamp Aileen Leasure Rev. Michael Tegeder
Sharon Archambault, Mgr. Elinore Harris, Mgmt. Acct. Marlene Bald Eagle, Occupancy Mgr. Debbie McDade, Mgmt. Secty.		Westminster Corp. (Court-appointed Receiver)
Robert McClain, Mgr. Steve Kutz, Maint.		Riverbluff Ltd. Partnership
Michele Honderich-Flannery, Mgr. Merlin Morrison, Maint.		Brighton Development (General Partner)
Michele Honderich-Flannery, Mgr. Merlin Morrison, Maint.		Brighton Development (General Partner)
Debbie Jacobson, Mgr. James Malinski, Maint.		Brighton Dev. Corp. (Gen. Ptnr.) Neighborhood Improvement Co.
Geraldine Donnelly, Mgr. Steve Dastych, Maint.		Brighton Development Corp. & West Bank Comm. Dev. Corp. (co-General Partners) Board of Directors Heidi Arneson Steve Eide Cynthia Kerkowski Rise Kosiak Bob Metcalf
Geraldine Donnelly, Mgr. Steve Dastych, Maint.		Brighton Development Corp. & West Bank Comm. Dev. Corp. (co-General Partners) Board of Directors Jason Jacobs Julie Nadowski Michelle Prestegard Janet Rothbart Philomena Saice Scott Vreeland

PROPERTY	NUMBER OF UNITS	POPULATION	CDC ROLE			
			Development	Marketing	Management	Community Services
Columbia Heights Heights Manor 8850 Stinson Blvd. 781-6518	65	Elderly Handicapped	•		•	•
Edina South Haven 3400 Parklawn Ave. 831-3372	100	Elderly Handicapped	•	•	•	•
Summit Point 5010 Summit Avenue 920-6113	29	Family Handicapped	•	•	•	•
Yorkdale 7429 York Avenue S. 835-1998	90	Family Handicapped	•		•	•
Excelsior South Shore Park 255 Mill Street 474-9036	67	Elderly Handicapped	•	•	•	•
Farmington Spruce Place 300 Spruce St. 463-2511	60	Elderly Handicapped	•	•	•	•
Hastings Oak Ridge Manor 1199 Bahls Drive 437-1367	109	Elderly Handicapped	•	•	•	•

STAFF	COMMUNITY SERVICES RESOURCES	OWNERSHIP OR BOARD OF DIRECTORS
Betty Ackerman, Manager Ken Ackerman George Thompson Melvin Aaberg	U of M Hospital: Home Nursing Care Creative Leisure Time Health Strategies Presbyterian Homes Health One Transp.	Craig Anderson Elsie Blunck Dr. William Carr Kenneth Figge Norma Hess Joe Holewa Myrtle Layeux Genevieve Nevins Nishma Porter John Warrick
Delaine Glunz, Mgr. Robert Glunz, Maint. Lawrence Rennen Suzanne Walker Luella Wang	Methodist Hospital: Senior Connection Creative Leisure Time	Kit Carlson Margie Dufort Joseph Errigo Ginger Giles George Hicks Pearl Ness Margaret Smith Florence Strunk Lynn Sumi Betty Worthington
Delaine Glunz, Mgr. Robert Glunz, Maint. Luella Wang	Methodist Hospital: Senior Connections Creative Leisure Time	Ruth Anderson Robert Faloon Marilyn Gallagher Borghild Goff Joan Lonsbury Jayne Sorte Ben Sweazey
Barb Wildenberg, Mgr. Frederick Wildenberg, Maint.	Catholic Youth Center	Community Dev. Corp. (owner)
Izzy Roberge, Mgr. Jim Roberge, Maint. Donna Crichton Margaret Parsch	Methodist Hospital: Senior Connection and Rehab. Services	Nelma Clawson Flossie Cottingham Pastor Hugh Gilmore Joan Hills Jerry Johnson Mike Louris Garnette Sauer
Dale Mehl, Mgr. Pauline Asher, Office Adm. Timothy Bicha, Maint. Daryl Smith, Maint.	DARTS Sanford Hospital	The Farmington Partners E. L. Lindberg (General Partner)
Barbara Guettler, Mgr. Sheila Johnson, Office Adm. Herbert McDonald, Maint. Carl DePolis Helen McDonald	Dakota Cty. Public Health DARTS Creative Leisure time	Leona Baker Ida Mae Charles Slim Ellefson Ceil Haberkorn Bill Hobday Donald Kramlinger Grace McNamara Otto Trede

PROPERTY	NUMBER OF UNITS	POPULATION	CDC ROLE			
			Development	Marketing	Management	Community Services
Lakeville Fairfield Terrace 20720 Holt Avenue 469-1414	24	Elderly Handicapped	•	•	•	•
Little Canada Garden Terrace 2674 Market Place Dr 481-9028	41	Elderly Handicapped	•	•	•	•
Mahtomedi East Shore Place 805 Wildwood Road 770-7964	61	Elderly Handicapped	•	•	•	•
Maple Plain Maple Terrace 1560 Howard Avenue 479-1132	38	Elderly Handicapped	•	•	•	•
Mound Westonka Estates 2461 Commerce Blvd. 472-4952	42	Elderly Handicapped	•	•	•	•

STAFF	COMMUNITY SERVICES RESOURCES	OWNERSHIP OR BOARD OF DIRECTORS
Dale Mehl, Mgr.	Sanford Hospital DARTS Health Strategies	Wilbert Baldus Jody Braun Norma Fredrickson Hazel Hamann Eltha Hanson Viola Henry Patrick McGarvey
Paulette Oneal, Mgr. Brian Immerman, Maint. Mary Swenson	Fairview Senior Center Creative Leisure Time Good Neighbor, Inc.	Sylvester Dewenter Tony Dinzeo Johanna Gallagher Meath Michelle Hageman Hazel Hayne Bernadine Iwan John Lockert Josephine Smolik George Zaccardi
Paulette Oneal, Mgr. Brian Immerman, Maint. Paul Cromer Harry Stearns Mary Swenson	Health Strategies Human Services, Inc. Transportation Creative Leisure Time	Doris Harrod Stanley Hill Adeline Holly C. Hope Kitelinger Bill Ladd Emma Lohr Bill Mathews Walter Schuster Alice Smith Ethel Thein Delores Walker
Dennis Tebben, Mgr. Shannon Tebben, Office Adm. Wesley Burglund Carol Mickolichek Allen Murphy	Methodist Hospital Sr. Connection & Rehab. Services Delano Senior Center Transportation	Doris Conzet Mary Leintz Allen Murphy Clara Swenson Earl Taylor
Dennis Tebben, Mgr. Shannon Tebben, Office Adm. Albert Engelke Doris Spencer Carol Mickolichek Donald Kelly	Health Strategies Mound Clinic	Mary Ellen Church Evelyn Ebert Howard Hodges Doris Hoff Don Kelly Kathy Kopp Doris Spencer

PROPERTY	NUMBER OF UNITS	POPULATION	CDC ROLE			
			Development	Marketing	Management	Community Services
Newport Red Rock Manor 1421 10th Avenue S. 459-2786	54	Elderly Handicapped	•	•	•	•
New Ulm St. Michael's 500 N. State Street (507) 359-8250	30	Elderly Handicapped	•	•	•	
Northfield Greenvale Place 211 Greenvale Place (507) 645-8809	96	Elderly Family	•	•	•	•
Red Wing Maple Hills 521 Maple Street 388-2822	96	Elderly Family	•	•	•	•
Rogers Pleasant Place 21801 John Milles Dr 428-4494	24	Elderly Handicapped	•	•	•	•
West St. Paul Mt. Carmel Manor 1960 Bellows	60	Elderly Handicapped	•	•	•	•

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STAFF	COMMUNITY SERVICES RESOURCES	OWNERSHIP OR BOARD OF DIRECTORS
Vi Clemons, Mgr. Roy Clemons, Mgr. Ethel Rudd	Washington Cty. Public Health Health Strategies	Frieda Lanoux Elizabeth Lanz Walter Lanz Robert McCrory Mary Royce Ethel Rudd Connie Waldera Mabel Wessels
Housing & Redevelopment Authority—New Ulm Dave Schnobrich Colleen Ratchit Harvey Zupfer		Agnes Langhoff Evelyn Olson Frances Reinhart Dr. Larry Ringhofer Viola Roeser Rev. David Roney Gloria Webber Grace Windley
Dale Mehl, Mgr. Mark Kellen, Maint. Deanna Smith	Community Action Council Goodhue-Rice-Wabasha—Citizens Council St. Olaf College Youth Action Center	Oscar Bosum Luella Emery Pat Grant Donna Reineke Connie Wright
John Selkirk, Mgr. Suzanne Selkirk, Admin. Elizabeth Halpaus Lori Hoyer John Csmil Edwin Hoyer	Goodhue Cty. Pub. Health SEMCAC, Nutrition Program	Betty Halpaus Irene Kingsbury Esther Olson Jesse Reichert Rose Stelter Warren Veek
Dennis Tebben, Mgr. Shannon Tebben, Office Adm. Rollie Ertl, Caretaker Carol Mickolichek	North Memorial Hospital Methodist Hosp. Rehab. Serv. Dayton Senior Center Christians Reaching Out in Social Service	Gary Ertel Carmen Hawkins Maxine Ladda Gladys Plude Geraldine Scharber Joseph Shea Judith Volkers Joseph Engel Mary S. Gahler T. Jerome Halloran

ST. PAUL STAFF

Above (l. to r.)

Mary (Muffie) Gabler	Dir. of Development
Karen Webster	Community Serv. Admin.
Douglas Strandness	V.P./Housing Management
Peg Kenny	Dir. of Administration
Joe Errigo	President

Top Left (standing, l. to r.)

Rick Gabler	Mgmt. Acct./Team Leader
Vera Logan	Prop. Mgmt. Administrator
Dan Wilson	Management Accountant

(seated l. to r.)

Jodi Lowary	Secretary
Barb East	Secretary

Top Right (l. to r.)

Anita Alexander	Property Manager
Madonna Meyer	Consultant, Resident Survey
Diane Corey	Office Manager
Dorothy Johnson	Assistant to the President
Terry Brigham	Corporate Accountant

Bottom Left (l. to r.)

Joan Williams	Secretary
Karla Tietz	Receptionist
Eileen Evans	Property Manager
Sharon Holtan	Management Accountant
Wendy Lockhart	Management Accountant

Bottom Right (l. to r.)

Kim Woods	Comm. Serv. Consultant
Tom Colbert	Comm. Serv. Coordinator
Michelle Schwecke	Management Accountant
Sandy Praml	Management Accountant
Steve Mayer	Property Manager

Not Pictured

Pat Butler	Property Manager
Sylvia Elrod	Comm. Services Coordinator
Catherine Gavzy	Consultant, Management
Anne Dolan	Consultant, Communications
Ron Pike	Consultant, Resident Survey
Trinh Tranberg	Consultant, Architecture
Anita Seuss DaHinten	Consultant, Comm. Services

Staff Service Awards for 1987
Recognized for 5 years of Service:

Betty Ackerman	Heights Manor
Ken Ackerman	Heights Manor
Carl DePolis	Oak Ridge Manor
Diane Hesselgrave	St. Paul Office
Dale Mehl	Greenvale Place

Community Development Corporation
and its wholly-owned subsidiary
Westminster Corporation

CONDENSED CONSOLIDATED BALANCE SHEET

YEAR ENDED JUNE 30, 1987

	Current Funds					
ASSETS	Unrestricted	Capital Assistance			Property	
Current	Operating	Unrestricted	Restricted	Total	Fund	Total
Cash	$197,341	$	$76,983	$ 76,983	$1,835,086	$2,109,410
Accounts Receivable	184,245	15,944		15,944	857	201,046
Interfund Receivable	59,519	38,508		38,508	80,757	178,784
Other	12,928				43,716	56,644
Total Current Assets	454,033	54,452	76,983	131,435	1,960,416	2,545,884
Investments						
Equity in Partnership	109,267					109,267
Property and Equipment						
Property and Equipment	209,692				4,747,761	4,957,453
Less: Accumulated Depreciation	91,917				18,091	110,008
Net Property and Equipment	117,775				4,729,670	4,847,445
Other						
Cash and Escrow Deposits					568,741	568,741
Notes and Accounts Receivable		54,725		54,725		54,725
Other	3,740	10,994		10,994		14,734
Total Other Assets	3,740	65,719		65,719	568,741	638,200
Total Assets	684,815	120,171	76,983	197,154	7,258,827	8,140,796
LIABILITIES						
Current						
Current Portion of Long-Term Debt	4,052				1,827,081	1,831,163
Accounts Payable	13,362		12,162	12,162	6,633	32,157
Interfund payables	119,265		59,519	59,519		178,784
Accrued Expenses	85,264				197,351	282,615
Total Current Liabilities	221,973		71,681	71,681	2,031,065	2,324,719
Long-Term						
Long-Term Debt	7,305				5,170,906	5,178,211
Other						
Tenant Security Deposits					18,849	18,849
Total Liabilities	229,278		71,681	71,681	7,220,820	7,521,779
FUND EQUITY	455,537	120,171	5,302	125,473	38,007	619,017
Total Liabilities and Fund Equity	684,815	120,171	76,983	197,154	7,258,827	8,140,796

Community Development Corporation
and its wholly-owned subsidiary
Westminster Corporation

CONDENSED CONSOLIDATED STATEMENT OF SUPPORT, REVENUE AND EXPENSES

YEAR ENDED JUNE 30, 1987

	Current Funds					
	Unrestricted	Capital Assistance			Property	
	Operating	Unrestricted	Restricted	Total	Fund	Total
Support and Revenue:						
Support:						
Contributions	$184,169	$	$	$	$	$184,169
Revenue:						
Fees	703,812					703,812
Excess of Rent Expenses Over Rent Revenue					(89,770)	(89,770)
Other	64,510	4,373	4,142	8,515		73,025
Total Revenue	768,322	4,373	4,142	8,515	(89,770)	687,067
Total Support and Revenue	952,491	4,373	4,142	8,515	(89,770)	871,236
Expenses						
Program Services:						
Project Develop. and Mgmt.	608,983	1,071		1,071		610,054
Community Services	89,457					89,457
Total Program Services	698,440	1,071		1,071		699,511
Supporting Services:						
General Administration	205,261					205,261
Fund Raising	13,708					13,708
Total Supporting Services	218,969					218,969
Total Expenses	917,409	1,071		1,071		918,480
Excess (Deficiency) of Support and Revenue Over Expenses	35,082	3,302	4,142	7,444	(89,770)	(47,244)
Fund Equity, Beginning of Year	420,455	116,869	1,160	118,029	127,777	666,261
Fund Equity, End of Year	455,537	120,171	5,302	125,473	38,007	619,017

TECHNICAL ASSISTANCE AND CONSULTATION

CDC and Westminster Corporation share expertise with other groups that strive to provide affordable housing and community-based development. This technical assistance may help others to:

- Establish and maintain systems for broad-based community involvement
- Organize ownership corporations and partnerships
- Develop innovative financing plans
- Coordinate construction or rehabilitation
- Develop and implement comprehensive marketing programs
- Plan effective programs for community support services
- Develop internal administrative systems
- Develop their own expertise in any aspect of housing development, management, or community support services

In 1987 CDC and Westminster worked with the following organizations:

St. Paul and Suburbs
Aurora — St. Anthony Block Club
Catholic Services for the Elderly
Committee for Affordable Senior Housing (Maplewood)
DARTS, Inc.
District 6 Community Planning Council
East Side Neighborhood Development Company
North End Area Revitalization, Inc.
On Our Own
St. Paul Public Housing Agency

Minneapolis and Suburbs
Community Development Agency
Edina Ministerial Association
City of New Hope
Project for Pride in Living
Church of St. Albert the Great, Minneapolis
Church of St. William, Fridley
Theresa Living Center
Whittier Alliance
Women's Community Housing Board, Inc.

Others
Catholic Charities National Housing Task Force
Community Design Center
Interfaith Conference on Housing
Metropolitan Council Advisory Committee on Aging

Top left: Mt. Carmel Manor Groundbreaking Reception
Top right: Commodore Place Residents Picnic
Lower left: Phalen Manor Open House
Lower right: South Shore Park

TESTIMONY

FATHER ALFRED LoPINTO
EXECUTIVE DIRECTOR
CAMPAIGN FOR HUMAN DEVELOPMENT

ON

HOMELESSNESS AND HOUSING

BEFORE THE

SUBCOMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

OF THE

COMMITTEE ON BANKING,FINANCE AND URBAN AFFAIRS

UNITED STATES HOUSE OF REPRESENTATIVES

JUNE 15, 1988

Mr. Chairman, and Members of the Sub-Committee:

I am Father Alfred LoPinto, Executive Director of the Campaign for Human Development. I will limit my remarks to what we have learned about the impact of the housing crisis on poor and low-income famillies from the experiences of the Campaign.

The Campaign for Human Development is an action/education program of the US Catholic Bishops. One of its principal purposes is to make grants to "organized groups of poor and low-income families for them to develop economic strength and political power in their communities...in order to attack the root causes of poverty."

The 18-year experience of the Campaign underscores the vital importance of promoting the participation of poor and low-income people in the decision-making processes that affect their lives. Participation of this kind leads to the empowerment of people, such that they take responsibilites for their communities' affairs, make positive contibutions to the decisions that affect their lives and experience a greater degree of personal dignity and self respect.

Over the years the Campaign has made grants to more than 2,800 organized groups across the country who have improved the living conditions in their communities.

As a result of these efforts:
Where there were mud holes and open ditches, there are now paved streets and sidewalks.
Where there were vacant lots with weeds and stray dogs, there are now playgrounds and parks.
Where unemployment loomed as the only prospect, workers now own and manage their businesses.
Where citizens had been intimidated and disenfranchised, they now vote for the first time in their lives.
Courts are more sensitive to minority rights, and police are more responsive to neighborhood needs.

One of the most dramatic shifts that we have seen in recent years has been the remarkable increase in the number of applications for grants from groups working on the housing crisis. Since the federal government's retrenchment in providing funds for low-income housing, poor and low income families have been forced to expend enormous efforts in the struggle to attain one of the most basic human rights: the right to decent housing.

As a consequence of the change in federal policy, we have made grants to groups working across the spectrum of this crisis. Among them are: organized groups of homeless persons fighting to preserve their rights; associations of tenants in public and private housing resisting arbitrary evictions; and organized campaigns to pressure banks to provide greater access to mortgage

money for poor neighborhoods; long-time residents resisting being up-rooted by defending their neighborhoods against the inroads of private developers'plans for gentrification.

Last year the Campaign funded more than 30 organized groups, totalling about $2 million in grants (about one-third of the money allocated) that were actively involved in improving housing. One of the most striking features in these strong grassroots, self-help campaigns is that most of them were not organized initially to improve housing as their immediate objective.

For example, in Kansas City, MO. for the past 10 years ,a grassroots, city-wide organization of low-income families has worked to improve the quality of life in their communities around such issues as welfare, employment and police protection. As a consequence of the housing crisis, the organization has been forced recently to become involved in the community's need for decent housing. They have rehabed and sold 150 vacant houses; 200 other houses have undergone major rehabing; and 1,500 others received minor rehabing. Altogether more than $19 million worth of improvements were made as a result of the efforts of this organized community of poor and low-imcome families.

In Brooklyn, the Brooklyn Ecumenical Cooperative, a coalition of 41 member groups, including Catholic parishes and Protestant congregations, has developed a program of rehabing vacant, city-

owned buildings and converted them into affordable residences for low-and moderate-income families. The group has acquired the title to an additional 100 units that are undergoing rehabilation.

In Monterey County, Cal., a group of Hispanic farmworkers initially organized in order to secure improvements in wages and working conditons in the fields. The organization's goals now include decent and affordable housing for the members. With funds from the Campaign for Human Development and some technical assistance, the families have developed two housing projects, with 84 units of affordable housing.

These individual success stories can be multiplied over and over again across the country. Two things can be said about them. First, poor and low-income families want to participate fully in the life of their communities. They want to raise their children in decent homes, in pleasant and peaceful surroundings. They have the desire, the energy and the ingenuity.

A second point: They cannot do this alone. These success stories are individual, isolated cases of desperate people who have expended extraordinary energies to overcome inordinate obstacles just to be able to live in decent housing. A federal policy that appears to be built on the premise that housing--all housing--should be subject to the iron law of supply and demand, drives more and more poor and low-income people into the streets,

into abandoned buldings, into desperate situations and conditions.

The experience of the Campaign for Human Development demonstrates that poor and low-income families have the personal will to live as contributing and participating members of society. The nation's policies must reflect the political will to assist them in this attainment.

Thank you for your attention.

TESTIMONY BY

MOST REV. JAMES MALONE
BISHOP OF YOUNGSTOWN

ON

HOMELESSNESS AND HOUSING

BEFORE THE

SUBCOMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

OF THE

COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS

UNITED STATES HOUSE OF REPRESENTATIVES

JUNE 15, 1988

Mr. Chairman, members of the subcommittee:

I am Bishop James Malone of Youngstown, Ohio, and a member of the Domestic Policy Committee of the U.S. Catholic Conference. I want to take this opportunity to comment briefly on the public policy questions raised by the testimony of Bishop Sullivan, Sister Nancy, Mr. Errigo and others here this afternoon.

Our nation, our leaders, our people need a new understanding of how vitally important housing is to the well being of our families and our communities. We need to consider the human and social consequences of one in every four American households—nearly 20 million in number—who suffer significant housing problems. We need to consider that the number of families seeking emergency shelter has increased over 30% in the last few years.

Our nation needs a new commitment to find creative ways to work together to shelter the homeless, but more importantly, to provide decent affordable housing for everyone. As providers of shelter we understand that our activities, by themselves, are an inadequate response to the need. As bishops, our great fear is that we are developing a new, and often dehumanizing, way of caring for the poor among us. Society is isolating homeless people in sometimes primitive shelters. We may be creating a new version of the "poorhouses" of decades past.

Please do not misunderstand me. The Church is proud of its efforts to feed and shelter the poor with some dignity. We are trying to ensure that no one goes without these absolute necessities. But society cannot pretend that soup kitchens and shelters are a humane response to poverty and homelessness. It is appropriate and necessary that Congress provide emergency relief funds to private and public agencies to care for those living in the streets, but this cannot, will not, and should not substitute for federal action to help provide permanent, affordable housing. As a people we must insist that

government provide the basic necessities. Charitable efforts cannot replace public policies that offer opportunity and dignity to the poor. Shelters cannot replace permanent affordable housing for low-income people, for poor families.

Our experiences and our beliefs lead us to suggest some directions and criteria for a renewed national commitment to decent housing. But please remember that we bishops are pastors, not policy-makers; we are teachers, not housing technicans. So we offer not specific policies and programs, but goals and directions that should be a part in a national housing policy.

First is preservation. It is estimated that between now and the year 2000 most of the nearly 2 million privately owned, federally subsidized housing units will not be available to low-income people. The federal government needs effective policies to preserve, maintain, and improve the low-cost, decent housing now available.

Second is production. Government needs creative, cost-effective, and flexible programs to increase the supply of quality housing targetted for low-income families. We need to harness the expertise and capacity of the private and non-profit sectors in meeting these needs.

Third, society needs to broaden participation. The active and sustained involvement of tenants, neighborhood residents, and the homeless must be encouraged. Government needs to build into our public policy the American tradition of self-help, homeownership, and neighborhood participation.

Next is affordability. Ways must devised to help families to obtain decent housing without requiring them to neglect other basic necessities.

Fifth, equal opportunity must be protected. Housing discrimination based on race, ethinicity, sex, handicapping conditions, or families with children must be prohibited and these laws enforced.

Finally, we need effective and creative partnerships. Public policy must encourage and support cooperation among non-profit community groups, churches, private

developers, financial institutions and government at every level to build, preserve, and restore affordable housing. Working together we can accomplish a great deal.

Conclusion

All of us must begin the great task before us by recognizing the homeless person as part of the human family, as part of us. We all, churches, community groups, the private sector, state and local government must do more to meet our common responsibility for housing. Here in the Archdiocese of Washington, the Church provides shelter to homeless people at thirteen different locations; in the Archdiocese of New York, the Church has put $4 million into a fund to provide loans for low-income housing construction. These examples demonstrate the significant commitment the Church has to ending the human tragedy brought about by this crisis. But there is no substitute for an involved, competent, and committed federal government. It alone can provide the resources, the leadership, the direction, and the ability to ensure a broad, flexible attack on homelessness and poor housing. In this nation we have the skill, the tools, and the capacity; what is missing are leadership and commitment.

We believe the Church has an obligation to join with those who are working on concrete solutions to the urgent housing crisis. We invite those who seek to lead this nation; those who represent us at various levels of government; those involved in every aspect of housing contruction from the workers to the financiers, to join with you and us in a determined search for how such a richly blessed nation can eliminate homelessness and take the necessary steps to provide decent, affordable housing for those in need.

I want to end by thanking this committee for all you have done to summon this nation to its responsibilities to provide decent housing. A major test of the 1988 campaign and the next administration is whether we as a nation face up to the crisis of housing and homelessness. We need more than warm words and expressions of concern. We need creative and effective proposals to renew our nation's commitment to see that our people can live in safety and dignity.

COMMUNITY DEVELOPMENT CORPORATION
for the Archdiocese of Saint Paul and Minneapolis

328 West Sixth Street
Saint Paul, MN 55102
Phone 612-291-1750

July 14, 1988

Representative Bruce Vento
2433 Rayburn Building
Washington D.C. 20515

Dear Representative Vento:

During my testimony to the Housing and Community Development Subcommittee on June 15, 1988, you requested some background information on Community Development Corporation's work at Little Earth of United Tribes and, specifically, our problems with HUD in working out a long term solution for this Indian housing complex in South Minneapolis.

As you know, Community Development Corporation's wholly-owned subsidiary, Westminster Corporation, has been court appointed receiver at Little Earth for over four years. Substantial progress has been made in management of Little Earth and in completion of a large portion of the physical rehabilitation which was deemed appropriate by the court. Only one step remains, and that is a negotiated sale by HUD to a new non-profit owner established by Community Development Corporation. This new non-profit organization would have substantial participation by the American Indian community. Westminster Corporation would continue as the management agent.

Community Development Corporation proposed a negotiated sale twice during the course of the receivership, only to have that proposal rejected by HUD. Early this year, however, HUD representatives contacted us to say the agency had changed its position and would consider a negotiated sale. Despite this, HUD has shown little inclination to start discussions.

About two months ago, we communicated with HUD through our attorney, Alan Silver, to ask for a clarification on the major policy issues surrounding the transfer of ownership. I enclose a copy of Mr. Silver's letter dated May 6, 1988. As of today, we have not received any formal response to this letter.

The policy issues in Mr. Silver's letter must be addressed as soon as possible. However, HUD appears unwilling to respond, and unless there is intervention by a third party like yourself we are afraid that the foreclosure process may proceed. HUD could have possession of the property within a couple of months, and Little Earth could be sold without regard to continuing sponsorship or assurance of participation by the Indian community.

I have discussed this issue with Congressman Martin Sabo and his staff. They have been very supportive but it has been virtually impossible to motivate HUD to act on this important issue.

Other background materials enclosed for your information include a copy of the October 17, 1986 memorandum from the Minneapolis, St. Paul Area Office to HUD Washington recommending a negotiated sale to CDC, and a copy of Thomas P. Demery's memorandum to John P. Kennedy dated November 13, 1986 which concluded that the Department of Housing and Urban Development should not sell Little Earth of United Tribes to CDC on a negotiated basis. I need to emphasize here the point that I made above, namely that HUD notified us earlier this year that they had changed their position on a negotiated sale. However, we still have no indication on their part that they are willing to start discussions.

I will be happy to meet with you and your staff at your convenience to discuss this in more detail. Please let me know if you need additional information.

Thank you very much for any assistance you may be able to offer.

Sincerely,

Joseph A.L. Errigo, Jr.
President

/sb

enclosures

cc: Thomas Shellabarger
U.S. Catholic Conference

DOHERTY
RUMBLE
& BUTLER
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Attorneys at Law

Writer's direct dial number: 291-9312

Reply to Saint Paul office

May 6, 1988

Ms. Sarah Canzoneri
Office of the General Counsel
Department of Housing and
Urban Development
451 Seventh Street, S.W.
Washington, D.C. 20410

Re: Little Earth

Dear Sally,

In our recent discussions you indicated that HUD is now interested in entering into a negotiated sale for transfer of Little Earth to a nonprofit organization controlled by Community Development Corporation, somewhat along the lines of the settlement proposals submitted by CDC in the past.

As you know, when we held settlement discussions before Magistrate Becker, both sides spent countless hours putting together exhaustive written settlement proposals that included detailed operating budgets. Ultimately those settlement talks were unsuccessful because of disagreement concerning a relatively few major issues, including HUD's basic unwillingness to negotiate a sale. Community Development Corporation is once again willing to participate in discussions concerning the future of Little Earth but only if we have some assurance early in the process that we will be able to resolve the major points of disagreement among the parties. If we are able to resolve four or five points that proved difficult last time, we are then willing to sit down and do the detail work required to put together a final settlement plan. We are confident that if we can reach agreement on the major stumbling blocks at the outset, the remaining issues will fall into place, and we will diligently work to make this happen. Thus, in this letter I would like to outline the points that we believe must be established at the outset of our settlement discussions.

First, we need to agree on the structure and control of the ownership entity that will operate Little Earth.

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& BUTLER
PROFESSIONAL ASSOCIATION

Community Development Corporation assumes that it will be a nonprofit entity, with CDC appointing a majority of its board of directors. We need to agree concerning the number of directors, the number appointed by CDC, and whether this control changes over time.

Second, we need to establish the negotiated sale price. When we talked last summer, HUD was interested in a one dollar deal, with Section 8 payments set at a level sufficient to pay operating expenses. CDC is willing to structure the transaction on the same basis or at an appraised price, with Section 8 payments adjusted in order to amortize a fifteen-year mortgage at such appraised price. We would like to establish which of these procedures HUD would prefer to follow, and if it is to be an appraised price, how is that appraised price to be established?

Third, we would like to negotiate a level of Section 8 payments and a satisfactory procedure for rent adjustments rather than discussing a line-by-line budget. We understand that if HUD were to sell the property through the market under the normal property disposition rules, its request for proposal would state the proposed Section 8 rental amount and set a minimum price. A proposed purchaser then would establish its own operating budget based upon the amount of its bid and the amount of the Section 8 payments to be received. We would like to follow a similar procedure by establishing the price and the rents up front rather than negotiating each budget line.

Fourth, we need to establish that a Section 8 affirmative fair market housing plan will not require recruitment of residents from outside of the American Indian community. It is our expectation that the project will maintain its character as an essentially all-Indian housing project, and we would like the Section 8 contract to reflect this fact as well as have the court's approval of a settlement along these lines.

Fifth, any settlement would require resolution of the attorneys' fees issue. We understand that this is a point of disagreement among HUD and the plaintiffs, and it is not an issue in which Westminster or CDC intend to become involved. It is, however, an issue that must be resolved if the case is to be settled.

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& BUTLER
PROFESSIONAL ASSOCIATION

Sixth, any settlement will be contingent upon arranging appropriate financing and will require participation of other entities. We clearly will not be able to satisfy these contingencies in thirty days, or even in a few months, and want everyone to understand that it may require up to six months to put a final deal together after we reach agreement on the above points.

Obviously, any settlement agreement would require dismissal of the pending litigation, including the pending appeal. There are other minor issues that would need to be resolved, but we are confident that we could do so if agreement is reached on the above points.

Please call me after you and the appropriate HUD officials have had the opportunity to review this letter. Perhaps an early meeting with Mr. Demery or other authorized HUD officials and representatives of Community Development Corporation and the plaintiffs would be helpful. Let's discuss how we can best proceed to iron out these settlement issues.

Sincerely,

Alan I. Silver

AIS:lp154

cc: Mr. Larry Leventhal
Mr. Randy Smith
Mr. Bruce Bandenoch
Mr. Robert Vasquez
Mr. Francis X. Hermann

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Stephen E. Smith
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Kimball J. Dewey
C. Robert Beattie
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Jonathan P. Swift
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Reply to Saint Paul office

JUN 22 1988

June 21, 1988

Mr. Joseph Errigo Jr.
Westminster Corporation
328 West Sixth Street
Saint Paul, Minnesota 55102

Re: Little Earth of United Tribes, Inc., et al. v. U.S. Department of Housing and Urban Development, et al.

Dear Joe,

In connection with the Little Earth litigation, Larry Leventhal obtained a number of documents from HUD files, including memos relating to HUD's posture concerning settlement negotiations. Larry just sent these to me, and I thought you would find these interesting. As you can see, Tom Feeney did recommend a negotiated sale to CDC, and the idea was ultimately killed by Tom Demery.

I spoke last week with Sally Canzoneri about a number of open issues and in the course of the discussion asked about HUD's response to my letter of May 6, 1988, outlining the issues that need to be resolved in settlement. Sally indicated that HUD is still willing to negotiate a sale, but I have the clear impression that this is not a HUD priority issue. Unless there is some pressure from the local office or from some other source, I suspect that Washington will take its time about seriously discussing settlement.

Sincerely,

Alan I. Silver
enc.

AIS:lp153
enc.

cc: Mr. Jerome Halloran

U.S. Department of Housing and Urban Development
Minneapolis-St. Paul Office, Region V
220 Second Street, South
Minneapolis, Minnesota 55401-2195

October 17, 1986

MEMORANDUM FOR: John P. Kennedy, Associate General Counsel, CP

FROM: Thomas A. Feeney, Manager
Minneapolis-St. Paul Office, 5.9S

SUBJECT: 092-44072
Little Earth of United Tribes
Minneapolis, Minnesota

We have reviewed the Arch Diocese's proposal and recommend a negotiated sale for the following reasons:

1. The Arch Diocese, because of its management expertise, financial resources and its long-standing relationship with the Indian community, is in a unique position to provide the ownership and management necessary to create a viable housing resource. We believe the Arch Diocese is the only organization in the position to do so.

2. Virtually no interest has been expressed by any investor group to acquire this property.

3. Little Earth is the most troubled project in our portfolio. The dimensions of the problem are compounded by the fact it is the only urban, Indian owned/managed, 236 multifamily project in the nation. Moreover, the American Indian Movement, which has members from Indian tribes across the country and is known for its confrontational tactics, remains very involved at this project.

4. The U.S. Attorney's Office anticipates litigation for at least another 15 months if a negotiated sale is not concluded. This presumes Mr. Leventhal does not take the case to the Supreme Court. This additional time could be critical for two reasons: (1) the prospect of further deterioration at the site in view of the fact that there are currently 82 unrehabilitated units of which 57 are vacant; and (2) legal costs.

In view of the foregoing, we strongly urge the Department to negotiate a sale with the Arch Diocese. If you have any questions, please contact Howard Goldman at FTS 787-3095.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

November 13, 1986

OFFICE OF THE ASSISTANT SECRETARY FOR
HOUSING - FEDERAL HOUSING COMMISSIONER

IN REPLY REFER TO

MEMORANDUM FOR: John P. Kennedy, Associate General Counsel
for Program Enforcement, GP

FROM: Thomas T. Demery, Assistant Secretary for Housing--
Federal Housing Commissioner, H

SUBJECT: Little Earth of United Tribes
HUD Project No. 092-44072

As you know, I told Tom Feeney, Howard Goldman, and Frank Herman that I would let them know the terms on which I felt the Department might consider negotiating a sole-source sale of the Little Earth (LEOUT) property to an entity established by Community Development Corporation (CDC). After discussions with my staff, I have come to the conclusion that the Department should not sell LEOUT to CDC on a negotiated basis.

After carefully reviewing the situation, I believe HUD should sell this project on a competitive bid basis for the reasons outlined in Sally Canzoneri's letter of September 25, 1986 to Magistrate Becker. I am willing, as were my predecessors, to go forward with the settlement proposal and sale scenario set forth in Sally's letter, with one addition: the plaintiffs must accept the settlement offer and dismiss the litigation no later than December 31, 1986.

GEORGE C. WORTLEY
XXth DISTRICT, NEW YORK
COMMITTEES
BANKING, FINANCE AND URBAN AFFAIRS
SUBCOMMITTEES
FINANCIAL INSTITUTIONS SUPERVISION, REGULATION AND INSURANCE
ECONOMIC STABILIZATION
HOUSING AND COMMUNITY DEVELOPMENT
SELECT COMMITTEE ON AGING
SELECT COMMITTEE ON CHILDREN, YOUTH AND FAMILIES

Congress of the United States
House of Representatives
Washington, DC 20515

June 30, 1988

[illegible]
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(202) 225-3161
DISTRICT OFFICES
[illegible]
SYRACUSE, NY 13260
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(800) 487-8080
801 LEXINGTON AVENUE
ROCHESTER, NY 14620
(716) 461-5017

The Most Reverend James W. Malone
Bishop of Youngstown
144 West Wood Street
Youngstown, Ohio 44503

Your Excellency:

I would like to thank you again for appearing before the House Subcommittee on Housing and Community Development. I would also like to reiterate the concern I was addressing when time ran out.

I am very appreciative of the efforts by the Catholic Conference to help the poor. I especially appreciate your earnest desire to speak out in behalf of those - the homeless - who rarely have their viewpoint seriously considered. But, while we share the same concern for the poor, I disagree with some aspects of the economic policy which the Catholic Conference seems to advocate.

A few years ago, the National Conference of Catholic Bishops issued a Pastoral Letter addressing the U.S. economy. While I welcome the opportunity to address the moral perspective of economic policy, I was discouraged by a seeming insensitivity to the free market system. In particular, I oppose the emphasis on the redistribution of wealth which seemed to underlie the letter.

The Pastoral Letter noted that in 1982 the richest 20 percent of Americans received more income than the bottom 70 percent combined. What this statistic does not convey is the fact that the same 20 percent also paid more than 70 percent of the taxes. Furthermore, while tax rates were lowered during the 1980s, the burden on the very rich has dramatically risen. The proportion of total taxes paid by those in the over $100,000 per year income group actually doubled between 1981 and 1986.

I would emphasize that I do not cite these statistics to defend the "haves" against the "have nots." A fair reading of the facts indicates that those who are best able to pay are already providing the bulk of revenue that is used for government programs. It would seem contradictory to both target those who have accumulated some wealth and propose increased government funding for programs helping the poor. Thus, it will not be productive to make redistribution our goal in helping the poor.

I also believe that a further emphasis on redistribution would actually end up discouraging individuals from saving and investing. This is why past attempts - such as excessively progressive tax rates - have been discredited. Because of the reduction in the tax rates during this decade, we have been able to get the economy moving again and significantly reduce unemployment. It is not in anybody's interest - and especially not the poor's - to burden down the economy and cause unemployment to rise again.

I appreciate the opportunity to express my concerns to you about this issue. I look forward to your response for the record.

Sincerely,

George C. Wortley
Member of Congress

GCW:dwg

Catholic Diocese of Youngstown
Serving Ashtabula, Columbiana, Mahoning, Portage, Stark and Trumbull counties in northeastern Ohio

July 25, 1988

The Honorable George C. Wortley
Congress of the United States
House of Representatives
Washington, D.C. 20515

Dear Mr. Wortley:

Thank you for your letter and your kind words for the efforts of the bishops' conference to speak out on behalf of the poor in our society. As you know, we try to be faithful to the call of Jesus to care for "the least of these."

Your letter raises some interesting questions about national economic policy. Before commenting, I want to reiterate a caveat included in the pastoral letter, Economic Justice for All, and on other statements of the bishops on public policy. As bishops, we are moral teachers, not economic technicians. We seek first to lift up the human and ethical dimensions of economic life and to apply to them our dual heritage of Catholic social teaching and traditional American values.

Reasonable people can and do disagree on specific applications of moral values to national policy questions. However, the goals are clearly set by our teaching: namely, the protection of the human dignity of all persons, the fostering of the sense of community in our nation, the opportunity of all to participate fully in the economic life, and the fulfillment of the basic human needs of the poor and vulnerable.

The pastoral letter, relying on these and other principles of Catholic teaching, pointed out both the successes and failures of the American economy. Some of the clear failures include a sustained and unprecedented high rate of poverty in the last six years of apparent economic "recovery," growing homelessness, especially among families with children, and an alarming trend toward greater economic inequality.

The increasing gap between the rich and the poor has both social, economic and moral consequences. Many fear the U.S. may be heading in the direction of many third world nations that are plagued by political and social unrest and instability related to the extreme disparities between social and economic classes. True solidarity and community are not possible under such conditions. The fact that the growing inequality in the U.S. is accompanied by high rates of poverty and deprivation creates a moral problem as well as a practical one.

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Your letter makes note of reports that the richest 20% of Americans receive 70% of the income and pay 70% of the taxes collected in the U.S. You also conclude that, while tax rates on the rich have been reduced, "the burden on the very rich has dramatically risen," since the total taxes paid by those in the over $100,000 bracket doubled between 1981 and 1986. While you are technically correct, that the proportion of the total income taxes paid by the rich has increased, I would not agree with your conclusion that the burden on the rich has increased.

According to separate studies by the Congressional Budget Office and the Urban League, the share of national income of the wealthy has increased much more than their share of income taxes. According to CBO, between 1977 and 1984, the total effective tax rate for the poorest 10% of families rose from 8% to 10.5% while the effective tax rate for the richest 10% declined by just under 5%. For families in the top 1%, their tax rate dropped by 8%. When FICA and corporate taxes are factored in, the share of taxes paid by the top 1% has risen 13%, while their share of national income has risen 46%. According to these reports, wealthy people aren't shouldering a greater burden; their taxes aren't even keeping up with their increased share of national income. Moreover, if state and local taxes are included in the calculations, it is clear that the heaviest burden, relative to ability to pay, is on poor families.

Another measure of growing inequality and relative tax burdens can be found in the Census Bureau's July, 1987, report on poverty and money income in 1986. According to this report, recent gains in family income have been concentrated disproportionately among the wealthy, with the gap between the richest and poorest families hitting an all time recorded high.

After-tax income is a particularly good measure for examining the effects of economic and tax policy. According to the most recent Census Bureau figures, the gap between after-tax income of wealthy and poor families is the greatest since the data were first collected in 1980.

All of this is not to say that the U.S. should have complete income equality. However, the effects of this kind of inequality on low income people, especially families with children, can be ignored only at our peril. If economic growth and reduced taxes on the rich had resulted in less poverty, less deprivation and less inequality, there would be no need for a change in policies. Unfortunately, it is clear that we now need government policies to address these problems directly, rather than to hope things will improve in a "trickle down" effect.

Cutting tax rates on the wealthy was supposed to bring higher rates of savings and investment, yet seven years after 1981 tax cuts and two years after the 1986 "Reform" bill, savings rates are at a record low. Clearly, these policies are not working in the national interest.

I want to stress again that we bishops do not claim any special economic expertise. But it does not take an economist to see that the condition of the poor has worsened. Despite all our charitable efforts, more people are hungry, homeless and unable to support their families adequately, despite working full time and year round. The "free market system" needs help to address these serious failures.

This is not just a concern of the U.S. bishops. Pope John Paul II has called all of us to work for greater social solidarity. In San Antonio last September he said,

> Gross disparities in wealth between nations, classes and persons re-enact the Gospel parable of Lazarus and the rich man. And with the same dire consequences of which the Gospel of Luke speaks: As Abraham told the rich man at his judgment -- 'Remember that you were well off in your lifetime, while Lazarus was in misery. Now he has found consolation, but you have found torment.' That warning is as valid today as it was 2,000 years ago.

The Holy Father also has a special message to persons of influence:

> I want to make a pressing appeal to the consciences of society . . . Those who have the means of exerting influence should show greater solidarity with the needy and suffering. Let no one feel at ease while there is a child without schooling, a family without a house, a worker without a job, a sick or elderly person without adequate care. Remember to keep God's justice in your life.

Again, thank you for writing. I hope we will have another opportunity to discuss justice and public policy.

Sincerely,

The Most Reverend James W. Malone
Bishop of Youngstown

JWM/rmf